

Pathways to Management and Leadership

Level 5: Management and
Leadership

Unit 5022V1

Organisational Corporate Social
Responsibility

Pathways to Management and Leadership

Unit 5022V1 Organisational Corporate Social Responsibility

Copyright © Chartered Management Institute, Management House, Cottingham Road, Corby, Northants NN17 1TT.

First edition 2010

Author: Owen Davies
Series consultants: Roger Merritt Associates
Consultants: Ian Favell, Phil Lindsay
Project manager: Trevor Weston
Editor: Suzanne Pattinson
Page layout by: Decent Typesetting

Revised July 2013

British Library Cataloguing-in-Publication Data. A CIP catalogue record for this publication is available from the British Library.

ISBN0-85946-557-8

All rights reserved, save as set out below. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the written permission of the copyright holder except in accordance with the provisions of the Copyright, Designs and Patents Act 1988 or under the terms of a licence issued by the Copyright Licensing Agency Ltd, 90 Tottenham Court Road, London, England W1T 4LP.

Applications for the copyright holder's written permission to reproduce any part of this publication should be addressed to the publisher. Permissions may be sought directly from the Chartered Management Institute in Corby, UK. Phone Publications on (+44) (0) 1536 207379, or email publications@managers.org.uk.

This publication is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition being imposed on the subsequent purchaser.

Approved centres may purchase a licence from the publisher, enabling PDF files of the publication to be printed or otherwise distributed solely within the centre for teacher and student use only according to the terms and conditions of the licence.

Further information on the licence is available from the Chartered Management Institute. Phone (+44) (0) 1536 207379, or email publications@managers.org.uk.

Every effort has been made to trace holders of copyright material reproduced here. In cases where this has been unsuccessful or if any have inadvertently been overlooked, the publishers will be pleased to address this at the first opportunity.

The publisher would like to thank the following for permission to reproduce copyright material:

- Mallen Baker for Fig. 1.1, The Business in Society, from www.mallenbaker.net
- Heart of the City for Fig. 3.1, CSR Action Plan, from www.theheartofthecity.com

Organisational Corporate Social Responsibility

SAMPLE MATERIAL

SAMPLE MATERIAL

Contents

About this workbook	7
The unit	7
The aims of this workbook	7
Syllabus coverage.....	8
Getting started	8
How to use the workbooks	9
Section 1 Principles of a corporate social responsibility strategy	11
Introduction	11
Principles of a CSR strategy.....	11
Environmental and social issues.....	16
Environmental and social principles.....	18
Corporate governance issues and principles	19
CSR, strategy and stakeholders	23
Potential conflicts relating to CSR and strategy.....	28
The impact of CSR strategy on organisational governance	30
Summary	33
Section 2 Impact of CSR strategy on organisational performance	35
Introduction	35
CSR strategies and stakeholders	35
Measuring performance.....	36
CSR and specific aspects of the organisation	40
CSR, regulatory standards and competitors.....	47
Competition law	47
CSR, regulatory standards and consumers.....	50
Summary	53
Section 3 Implementing and evaluating a CSR strategy	55
Introduction	55
Devising an operational plan	56
Communicating the CSR plan.....	67

Evaluating the impact of a CSR plan	73
Implementing a CSR strategy: a conclusion	81
Summary	82
Before you move on	85
Preparing for assessment.....	85
Reflecting on progress	86
Planning your next steps	86
The Management and Leadership Standards	87
How this workbook relates to the standards.....	87
Bibliography.....	89
Websites	90

SAMPLE MATERIAL

About this workbook

The unit

The main purpose of this workbook is to support you as you study for the Chartered Management Institute Level 5 in Management and Leadership qualifications. Specifically it focuses on the content relevant to Unit 5022V1 *Organisational Corporate Social Responsibility*.

This workbook provides underpinning knowledge and develops understanding to improve your skills as well as to prepare you for future assessment. If you are studying for the Level 5 in Management and Leadership qualifications, then you will be assessed by your approved centre on 'your knowledge and understanding of' the following learning outcomes.

1. Understand the principles of an organisational corporate social responsibility strategy
2. Understand the impact of an organisational corporate social responsibility strategy on organisational performance
3. Be able to implement and evaluate an organisational corporate social responsibility strategy at the operational level

The aims of this workbook

This workbook aims to help you learn how to:

- understand the organisational strategy for corporate social responsibility
- develop and deliver an implementation plan
- evaluate and report the results of implementing that plan.

Syllabus coverage

The table below shows which sections of the workbook address each of the assessment criteria of the qualification syllabus.

Unit 5022V1 Syllabus coverage	Addressed within section:
Organisational Corporate Social Responsibility	
1.1 Explain the environmental, social and governance principles of corporate social responsibility	1
1.2 Discuss the links between an organisational corporate social responsibility strategy and the organisation's internal stakeholders	1
1.3 Discuss the links between an organisational corporate social responsibility strategy and the organisation's external stakeholders	1
1.4 Assess the impact of an organisational corporate social responsibility strategy on corporate governance	1
2.1 Explain how a corporate social responsibility strategy for stakeholders can affect organisational performance	2
2.2 Identify how a corporate social responsibility strategy for product/service safety and quality can affect organisational performance	2
2.3 Review the regulatory standards that protect customers/consumers and other competitive organisations	2
3.1 Devise a plan to deliver the corporate social responsibility strategy at an operational level	3
3.2 Develop methods to communicate and implement the plan at an operational level	3
3.3 Discuss methods to evaluate the impact of the plan at the operational level and to report the results	3

Getting started

Corporate social responsibility (CSR) is of growing importance, both to support the changing social needs and desires of people and to protect the planet. You will also see in this unit that attention to CSR can also directly affect profits.

The three sections of this unit focus on three topics. The first looks at the principles of corporate social responsibility and how they affect your organisation's internal and external stakeholders. The second considers the effects of adopting social

responsibility strategies on organisational performance. And the third looks at ways of implementing and evaluating an organisational corporate social responsibility strategy at the operational level.

How to use the workbooks

The workbooks provide ideas from 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 workbook is divided into sections that together cover the knowledge and understanding required for that unit of the Chartered Management Institute Level 5 in Management and Leadership. Each section starts with a clear set of objectives that identify the background knowledge to be covered and the management skills in the workplace that enable you to demonstrate this knowledge. You do not have to complete the sections in the order they appear in the workbook, but you should try to cover them all to make sure that your work on the unit is complete. There are self-assessment questions at the end of each section that allow you to check your progress. You may want to discuss your answers to these questions with your line manager or a colleague.

Activities

Throughout the workbooks there are activities for you to complete. These activities are designed to help you to develop yourself as a manager. Space is provided within the activities for you to enter your own thoughts or findings. Feedback is then provided to confirm your input or to offer more ideas for you to consider.

To get the best from the workbooks, you should try to complete each activity fully before moving on. However, if the answer is obvious to you because the issue is one you have encountered previously, then you might just note some bullet points that you can then compare quickly against the feedback. You may sometimes find it difficult to write your complete response to an activity in the space provided. Don't worry about this – just keep a separate notebook handy, which you can use and refer to as needed.

Try not to look at the feedback section before completing an activity. You might like to try covering up the feedback with a postcard or piece of paper while you are working through an activity.

Timings

Timings are suggested for each section and activity, although it is important that you decide how much time to spend on an

activity. Some activities may occupy only a few moments' thought, while others may be of particular interest and so you might decide to spend half an hour or more exploring the issues. This is fine – the purpose of the activities is to help you reflect on what you are doing, and to help you identify ways of enhancing your effectiveness. It is always worth writing something though, even if it's brief – the act of writing will reinforce your learning much more effectively than just referring to the feedback.

Scenarios

There are scenarios and examples throughout each workbook to illustrate key points in real workplace settings. The scenarios cover a wide range of employment sectors. As you work through, you might like to think of similar examples from your own experience.

Planning your work

The reading and reflection, scenarios and activities in each section of the workbooks are designed to take around two hours to complete (although some may take longer). This is a useful indicator of the minimum length of time that you should aim to set aside for a study session. Try to find a quiet place where you will not be interrupted and where you can keep your workbooks, notes and papers reasonably tidy. You may also like to think about the time of day when you work best – are you a 'morning person' who likes to get things done at the start of the day, or do you work better in the evening when there may be fewer disturbances?

Preparing for assessment

Further information on assessment is available in the Student Guide produced as part of the *Pathways to Management and Leadership* series. If you have any further questions about assessment procedures, it is 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 or telephone 01536 207400. You will also find titles for further reading in the Bibliography at the end of this workbook.

Section 1 Principles of a corporate social responsibility strategy

Time required: about 3 hours

Learning outcome

By the end of this section you will understand the principles of organisational corporate responsibility and will be able to:

- 1.1 Explain the environmental, social and governance principles of corporate social responsibility
- 1.2 Discuss the links between an organisational corporate social responsibility strategy and the organisation's internal stakeholders
- 1.3 Discuss the links between an organisational corporate social responsibility strategy and the organisation's external stakeholders
- 1.4 Assess the impact of an organisational corporate social responsibility strategy on corporate governance

Introduction

This section begins by looking at the principles of corporate social responsibility (CSR). We'll look at those principles in relation to the environment, society and organisational governance.

We then consider how the principles can be used to develop an organisational CSR strategy, and how that strategy may affect the organisation's internal and external stakeholders. Finally, we look at the impact of a CSR strategy on corporate governance, for example, considering the effect of adopting the spirit of legislation rather than merely complying with the letter of the law.

Principles of a CSR strategy

The various terms in the above heading relate to everything that we cover in this unit, so we need to spend a little time clarifying their meaning.

Principles

The Concise Oxford Dictionary gives six alternative meanings for the term 'principle', but the most relevant for our purpose is 'a fundamental truth or law as the basis of reasoning or action'.

As an example of using that definition, a manager may identify one key principle as being 'the organisation should minimise its impact on the environment'. This principle can then be used as

the basis for making a decision or choosing a particular action. For example, to minimise the impact on the environment, a manager in a multinational organisation may decide to use teleconferencing rather than flying people to a meeting.

Activity

Activity 1.1

(about 10 minutes)

List a few of the principles (or fundamental truths) that you use when making decisions at work. Try to focus on principles related to CSR.

Feedback

You may have identified a range of principles that you use in your work. Possible examples that a manager may use when considering CSR issues include:

- *Environmental principles like not damaging the environment, minimising waste or energy use and recycling when possible.*
- *Social principles about treating employees, customers or service users fairly, selling products that are safe to use and encouraging diversity.*
- *Governance principles such as ensuring the financial viability of the organisation, obeying the law, being open in dealings with suppliers and customers and considering the needs of all the organisation's stakeholders.*

Note that we have listed the examples under the three categories that are used throughout this unit: environmental, social and governance.

You may also have noted that there may be conflict between the various principles. A supermarket manager might, for example, feel that the principle of minimising waste conflicts with satisfying customer wishes (perhaps the customer wants carefully packaged fruit and vegetables). Later in this section you will look at how stakeholder analysis helps you to identify and consider such conflicts.

Feedback

The importance of strategy can be illustrated by the comment 'If I don't know where I'm trying to get to, how do I know which direction to walk in?' Unless managers know what the organisation hopes to achieve, they can't ensure that their team contributes effectively to the overall effort.

In many organisations there's a highly formalised process of building downwards from vision and mission to objectives and targets for departments, teams and individuals. In other organisations strategy emerges from many minor changes made at levels throughout the organisation.

You can find out more about strategy and objectives in:

- *the 'Strategic planning' checklist on the ManagementDirect website*
- *Johnson et al., Chapter 4 (see Bibliography).*

Corporate social responsibility

To clarify what is meant by CSR, consider the following three comments. You will see that they each emphasise different points, but together they should give you a good idea of how the term is used:

- '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.' (CIPD, 2009a)
- 'You need to think about:
 - The **suppliers** you choose and the way you deal with them. For example, trading with suppliers who pollute the environment could be as irresponsible as doing so yourself...
 - How you treat your **employees**. For the responsible business, this means doing more than simply complying with legal requirements...
 - How your business affects your **local community** and whether you should be actively involved...
 - How what you do affects the **environment** and what you can do to use resources more efficiently and reduce pollution and waste...' (Business Link, 2010a)
- Ed Williams (Head of CSR at Marks and Spencer) argues that CSR should not become a distinct profession but should be part of mainstream business activity. He also said that business should not be compelled to act ethically, but rather that it should be able to see that CSR makes good business sense.

Activity

Activity 1.3

(about 10 minutes)

Based on those three comments, and on further comments that you can find in your library or by searching the web, what conclusions can you reach about what is meant by corporate social responsibility?

Feedback

The three comments highlight the following points:

- *CSR is about behaving ethically in all aspects of the governance of the organisation.*
- *It relates to economic, social, environmental and human rights issues.*
- *It should be a mainstream business activity.*

The Wikipedia (2010a) entry at the time of writing defines CSR as a highly proactive approach to the whole organisation. By 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.'*

As you will have seen from the various quotations given above, there is a range of views about what CSR relates to. In this workbook we emphasise the need to relate CSR to all aspects of the organisation. However, we have also adopted a practical approach to the various issues and considered them under three broad headings: environmental, social and governance.

Environmental and social issues

The environmental issues to be considered are categorised by CIPD (2009b) as the following:

- Energy consumption, involving both the amount of energy used and also the environmental impact of sourcing the particular type of energy.
- Waste management, which covers the amount of waste produced and the possibility of recycling waste.
- Sustainable development, defined as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.'

Activity

Activity 1.4

(about 5 minutes)

Spend five minutes brainstorming the environmental issues that might relate to an office environment.

Feedback

Using the three headings from the CIPD report, you could have identified the following:

- *Energy consumption: heating, lighting, heat loss from ventilation, air conditioning, equipment on standby.*
- *Waste management: packaging, paper, electronic or paper filing, drinks containers.*
- *Sustainable development: use of water, recycling policies, disposal of outdated equipment, travel arrangements to meetings.*

For other work environments, there are many other environmental issues. For example, manufacturing companies often use very large quantities of energy and may produce large amounts of waste. Employees of local authorities in rural areas typically need to travel large distances to meet their clients or supervise work.

There's an interesting article in Professional Manager (November 2004 issue) entitled 'If companies don't get their act together we name and shame them' by Baroness Young, chief executive of the Environment Agency. You can find this on the ManagementDirect website.

There is a similarly wide range of social issues. CSR Europe (2009) reported that 78% of the general public wants to hear about companies' responsibilities to their customers, employees, communities and the environment.

The issues here can often be identified by using the words 'fair', 'ethical' or 'reasonable'. For example, customers will generally return to a particular retail store if they feel that prices are fair or that workers are being treated ethically. After controversy about poor working conditions in Asian factories in the late 1990s, sports shoe manufacturer Nike had to work hard to recover its public image by becoming involved with the International Labour Organization's 'better factories' project in Cambodia (Siegel, 2007).

Activity

Activity 1.5 (about 10 minutes)

The headings below include the social categories from the CSR Europe report, plus suppliers highlighted by the Nike report. Use these headings to identify examples of social issues that are currently relevant to your team, department or organisation.

Customers	
Employees	
Communities	
Suppliers	

Feedback

Among the many issues that you could have identified, some examples could be:

- *Customers: Does the organisation provide access to customers with a disability? How well does the organisation respond to customers with different cultural backgrounds and expectations?*

- *Employees: Are employees able to adjust their working times to enable them to fulfil their family responsibilities and create a satisfactory work-life balance? How will the organisation react to an ageing population?*
- *Communities: Does the organisation contribute positively to the local community?*
- *Suppliers: Have the prices paid to the organisation's suppliers been agreed on a fair and ethical basis? How have technological developments been used to improve contacts with suppliers?*

Looking at those examples and the others that you identified, you may have realised that CSR issues can be looked at on three levels:

- *Satisfying legal requirements (e.g. the access for customers with a disability).*
- *Acting ethically (doing more than the law requires, for example, in dealings with suppliers).*

Being proactive (doing more than might be expected of an organisation, for example, supporting a local charity or carrying out local community work).

Environmental and social principles

Having identified some of the environmental and social issues, the next stage is to consider the principles that might form the basis for decisions or actions relating to those issues.

According to the CIPD, although individuals may be concerned about environmental issues, there is some evidence to suggest that people's green behaviour at home is not being replicated at work (CIPD, 2009b). You may also ask whether managers at work behave in the same way socially as they do at home. Think of people's attitudes to their work neighbours and their neighbours in their street.

Activity

Activity 1.6

(about 10 minutes)

1. You are planning work on the driveway to your house. The contractor says that the only time he can do the work in the next month will involve working overnight. He says this will only increase the price by 15%. You realise that the work will disturb your neighbours.

What principles would you consider when making your decision?