Introduction

Corporate Social Responsibility (CSR) is now an important and increasingly specialised aspect of strategy and management. Over recent decades, it has become a necessity rather than a choice, due to:

- legal changes that have made some aspects of CSR compulsory
- increased public interest in environmental and ethical issues
- a convincing business case linking CSR to better performance
- shareholder pressure on businesses to show they operate ethically.

CSR is concerned with building integrity and fairness into corporate policies, strategies and decision-making. Many organisations now seek to work beyond the minimum legal CSR requirements to ensure that they operate responsibly, gain reputation, and pre-empt legislation. CSR offers benefits to both organisations and society at large; for this reason CSR is often seen as a way for organisations to demonstrate their beneficial impact on society.

CSR policies can benefit an organisation by developing and enhancing relationships with customers and suppliers, help to attract and retain a strong workforce, and improve a business’s reputation and standing.

CSR should not be regarded as an ‘optional extra’ or as a programme to be bolted on to organisational activities. To be effective, it must be: embedded into everyone’s thinking and behaviour, particularly that of leaders; integrated into organisational culture, policies and procedures; and built into organisational operations and activities at all levels. This is a huge task, and specialist CSR managers or departments are often employed to guide and integrate CSR activities, especially in larger organisations. This checklist aims to give a strategic overview for managers who need to plan and integrate an organisation’s CSR activities.

Definition

There is no single, agreed definition of Corporate Social Responsibility, and the term may be used to cover a range of different areas. A number of alternative terms such as ‘corporate accountability’ or ‘sustainability management’ are also in use.

In general terms, CSR means managing a business in a way which takes responsibility for the impact of the organisation’s activities on society and the environment and shows due consideration for the interests and concerns of all stakeholders. Effective CSR involves the integration of these principles into values, culture, strategy and operations across all aspects of an organisation’s activities, and beyond to its partners and suppliers.

Corporate CSR programmes may focus on making a positive contribution to society - through volunteering or charitable projects, for example, or on minimising negative effects such as pollution of the environment or depletion of natural resources.
Action checklist

1. **Key aspects of CSR**

CSR encompasses three main areas of responsibility: social, economic and environmental. These are sometimes known as the ‘triple bottom line’ of People, Profit and Planet. Important aspects of CSR include:

**People**
- employees’ working conditions and rights (including the employees of suppliers)
- the health, safety and protection of all stakeholders
- diversity/equal opportunities issues
- relations with local communities
- relations with government
- relations with suppliers
- opportunities for learning and development
- philanthropy.

**Profit**
- company reporting
- governance
- transparency and disclosure of information
- quality of goods and services
- safety of products and services
- responsible marketing
- record keeping
- data protection
- preventing bribery and corruption.

**Planet**
- environmental care
- recycling
- waste control
- pollution prevention
- energy or resource consumption
- travel efficiencies
- harmful emissions.

Most of these areas are affected by law to some extent, so take legal advice about what is required. In the UK, for example, the Companies Act 2006 requires regard for the environment, and for the interests of staff, suppliers, customers, and community.

2. **Examine your business case for CSR**

The business case for CSR emphasises the contribution to long-term performance, profit and risk reduction that can be realised from a socially responsible approach to managing business, people and the environment.

Some individuals and companies have always been concerned about business ethics and responsibility, but many business people have traditionally argued that, beyond legal compliance, ‘the only business of business is business’. CSR has gained prominence in recent decades, as various business disasters and scandals have demonstrated the need for greater responsibility. The worst examples, including the 1984 Bhopal disaster, Enron’s 2001 collapse, the global effects of the 2007 sub-prime mortgage crisis, BP’s 2010 Gulf of Mexico environmental disaster, and News International’s involvement in phone hacking and payments to police informants from at least 2003, have all shown how a lack of social responsibility at corporate level can destroy individuals, companies, communities and the environment.
Three strong elements that feed into the business case for CSR are:

**Reputation management** – speed of communications, global media coverage and demand for transparency all ensure that your business activities can become public very quickly, at any time, so try to ensure this will not mean bad news.

**Risk management** – this centres on risk evaluation and management, and planning for future business continuity. It is central to corporate responsibility, and is increasingly expected of any healthy, efficient business.

**Stakeholder influence** – those promoting the business case for CSR argue that it is a requirement that benefits shareholders, as looking after the varying interests of all stakeholders (including customers) will build corporate reputation, create more trust, and increase business.

3. **Take a pro-active and positive approach to CSR**

While a CSR policy can create awareness, management action is needed to ensure its implementation. Your CSR policy needs to be compelling and authoritative, clearly prioritised by senior management, and demonstrated by example at all levels. It will require focused HR involvement, co-ordinated communications, and sustained activities to maintain awareness. The policy has to feed right into activities: recruitment and development, for example, can shape a workforce of people who implement legal requirements, care about the environment and show respect for others; and purchasing can ensure that sourcing is a considered activity, balanced by CSR interests. Only practical, managed activities like these will demonstrate commitment, and ensure the effectiveness of CSR at front-line level.

Practical examples of a pro-active approach include: B&Q, which worked with suppliers to ensure wood and timber products could be labelled as coming from sustainable sources and with employees, to recruit and develop a more diverse workforce; and Dell which conducted an ambitious CSR regime including employee training, investor communications, customer feedback, supplier standards development, and interaction with local communities leading to better and more efficient product designs, greater efficiency in the supply, manufacture and delivery chains.

4. **Identify, map and involve your main stakeholder groups**

Use stakeholder analysis (see Checklist 234 in Additional Resources below) to identify individuals and groups that can affect the achievement or otherwise of the organisation’s CSR goals. Stakeholders are internal and external groups or individuals with a ‘stake’ in the organisation and its activities. Primary stakeholders are vital to the business (for example, customers, employees or shareholders), and secondary stakeholders can affect relationships with primary stakeholders (for example, competitors, suppliers or media).

Engaging stakeholders in selecting or enacting CSR activities will make these more effective, and build more strength into your relationships with stakeholders. Establish good two-way communications with defined groups, seek their views, take these into account, and invite participation where practical.

5. **CSR and strategic management**

CSR demands a different way of working at strategic levels, with basic changes to ensure CSR priorities are set, trust in the organisation builds, and stated values are enacted. Codes of Conduct, reinforced by training, strong leadership and performance measures, can establish responsible standards of corporate behaviour.

Proponents of the business case for CSR suggest that organisations can contribute to business aims by focusing on CSR issues that are beyond legal requirements, but are also strategically related to an organisation’s context, objectives, products or services. Philanthropy, for example, can also be linked to objectives such as developing new markets or exploring technological innovations for sustainability. Equipment renewal can be linked to reductions in energy or other resource consumption, and seconding employees as volunteers can be linked to management development. To make the most of these opportunities, it is important to co-ordinate CSR activities at board level, and not delegate control of them over to individual departments, such as HR or public relations.
6. **Understand the benefits of CSR**

The benefits of CSR can include:

- increased consumer trust in your business or brand
- a stronger corporate image, suggesting reliability and responsible behaviour
- increased employee loyalty and engagement
- opportunities to stay ahead of legislation, competition and pressure groups
- increased ability to attract and engage younger employees.

Most human beings - business leaders, managers, employees or customers - aspire to do the right thing where possible. Those organisations that can best help us all to fulfill our hopes of avoiding harm to others or damage to the environment will inevitably benefit from the trust we place in them. But to realise such benefits, it is important to promote your CSR activities and gains, and make them integral to your marketing and corporate image.

7. **Measure the benefits of CSR**

Measuring the benefits of CSR is a demanding process. Most CSR benefits can only be evaluated in the long term, or are intangible, as they are focused on avoiding problems rather than achieving concrete gains. Some organisations have succeeded in researching the benefits of CSR activities: BT, for example, has found that a quarter of its reputation with domestic customers was associated with CSR activities rather than service costs; and the Co-operative bank has used sustainable cost benefit analysis to link almost a fifth of pre-tax profit to its strong ethical stance and CSR activities.

Criteria used for measurement at organisational levels might include cost savings from, or levels of, waste reduction, recycling, energy or water consumption, carbon footprint or emissions, stakeholder engagement, employee ‘brand’, and customer or public trust. At a broader social level, success indicators include a more equitable and prosperous society, higher levels of business trust, reduced greenhouse gas emissions, the inclusion of CSR components in business course curricula; and regulation of multinational business activities at international level.

**Managers should avoid:**

- failing to set a high standard for, or give a high profile to, CSR
- having an excellent written policy that is not put into practice
- ignoring ‘whistleblower’ information on CSR failures.

**National Occupational Standards for Management and Leadership**

This checklist has relevance to the following standard:
LB Manage corporate social responsibility (CSR), unit B1

**Additional resources**

**Books**

*Corporate responsibility*, 2nd ed, Michael Blowfield and Alan Murray

*Business ethics and corporate social responsibility*, Paul Griseri and Nina Seppala
Andover, Cengage Learning EMEA, 2010

*Corporate social responsibility: doing the most good for your company and your cause*, Philip Kotler and Nancy Lee
Chichester: John Wiley, 2005
How to design and implement a corporate social responsibility strategy
London: The British Quality Foundation, 2005

This is a selection of books available for loan to members from CMI’s management library. More information at: www.managers.org.uk/library

Related checklists and guidelines
Taking action on the environment (019)
Code of ethics (028)
Stakeholder analysis (234)
Corporate responsibility: sustainable business practice (CMI best practice guide, 2008)

Internet resources
CSR Europe www.csreurope.org
Gives guidance and examples of good practice relating to CSR

Global Reporting Initiative www.globalreporting.org
Offers guidance on CSR reporting and a GRI Sustainability Reporting Framework.

Organisations
Institute of Business Ethics, 24 Greencoat Place, London, SW1P 1BE,
Tel: 020 7798 6044 Web:www.ibe.org.uk

This is one of many checklists available to all CMI members. For more information please contact
t: 01536 204222 e: enquiries@managers.org.uk w: www.managers.org.uk

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

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