IMPLEMENTING A CSR APPROACH
THE IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY

Ing. Pavel Adámek, Ph.D.
CORPORATE SOCIAL RESPONSIBILITY/PEM-NACSR

OUTLINE OF THE LECTURE

1. The key potential benefits for organisations implementing CSR

2. The basic aspects of CSR implementation

3. CSR implementation framework

INTRODUCTION

- There is **no one-size-fits-all method** for pursuing a corporate social responsibility (CSR) approach.

- **Each firm has unique characteristics** and circumstances that will affect how it views its operational context and its defining social responsibilities.

- **Each will vary in its awareness of CSR issues** and how much work it has already done towards implementing a CSR approach.

- Many firms **are already engaged** in customer, employee, community and environmental activities that can be excellent starting points for firm-wide CSR approaches.

INTRODUCTION

- CSR can be phased in by focusing carefully on priorities in accordance with **resource or time constraints**. Alternatively, more comprehensive and systematic approaches can be pursued when resources and overall priorities permit or require.

- **The bottom line is that CSR needs to be integrated into the firm's core decision making, strategy, management processes and activities**.

- **There are a number of governmental and partnership developed initiatives that have emerged to provide guidance** on governmental and societal expectations of business.

    - By using these instruments—such as the OECD MNE Guidelines or the UN Global Compact—business users can be confident that they are basing their efforts on internationally-endorsed approaches.

Incorporate CSR requirement into corporate mission, strategy, operation and culture
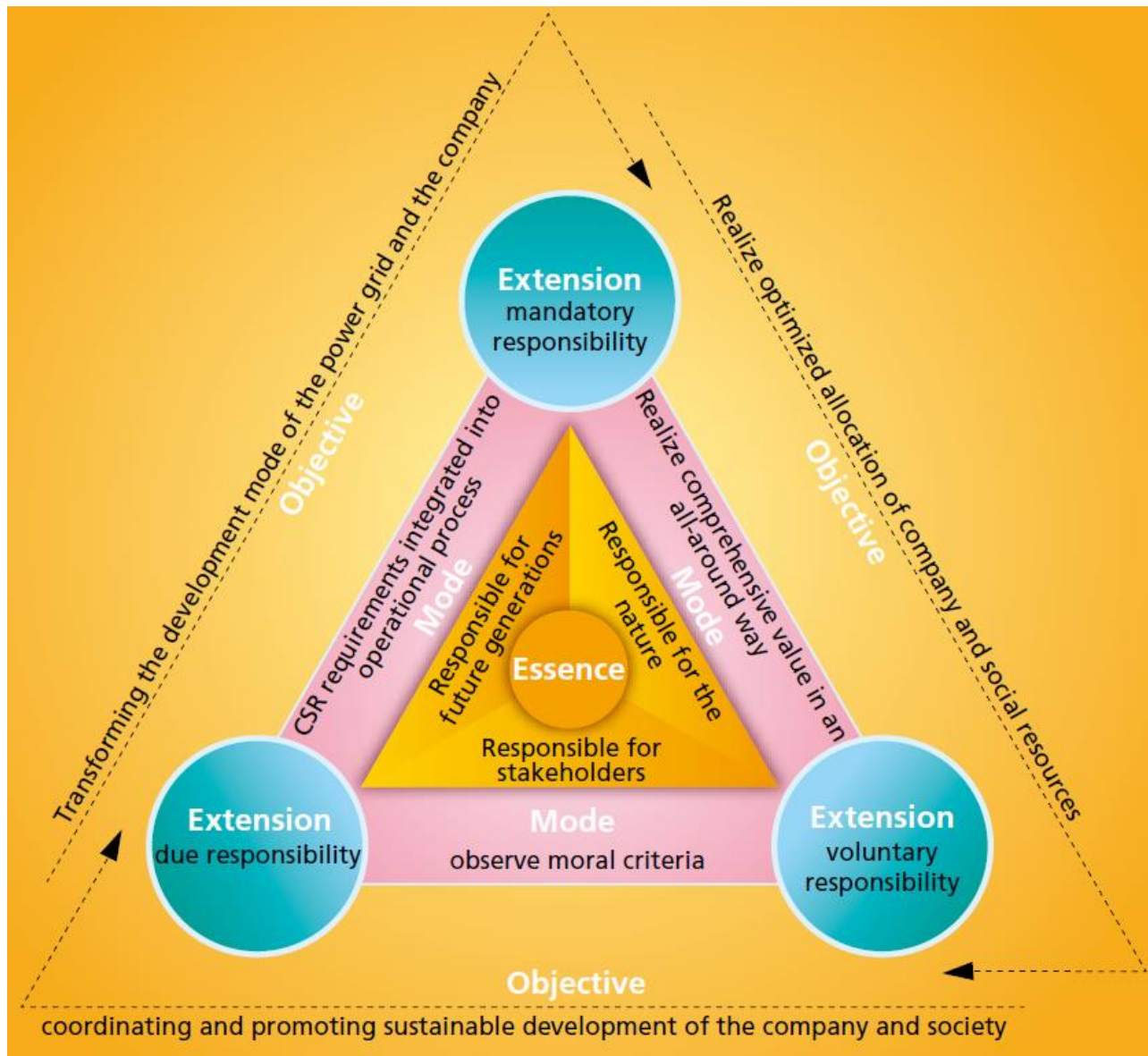
IMPLEMENTATION PROCESS

Basic guidance for the implementation of CSR
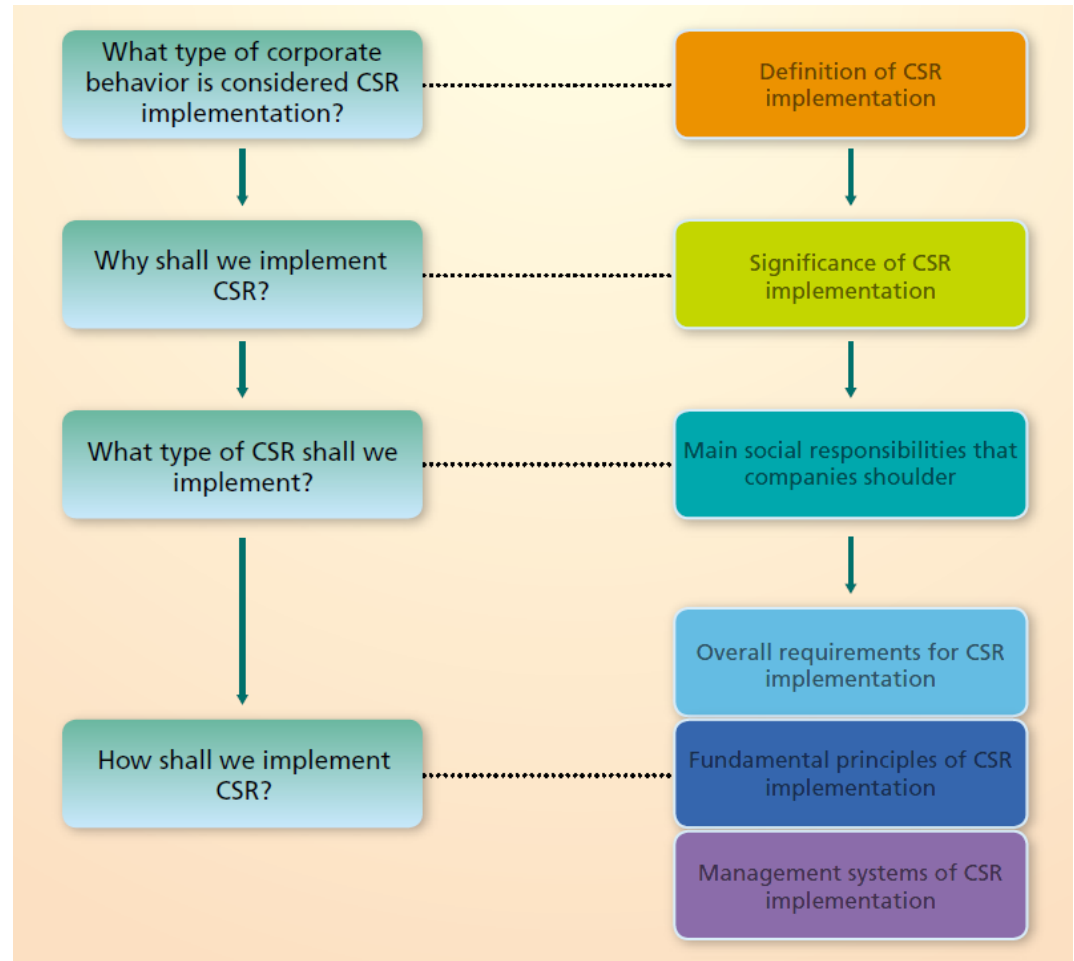
MEANING OF CSR IMPLEMENTATION

- CSR implementation means that **the company shall be accountable to stakeholders, future generations and the natural environment.**

- An enterprise **shall be responsible for stakeholders**, **motivate the passion of the stakeholders** such as employees, customers, generating companies, suppliers and communities, **give full play to the transmission capacity** of the power grid and **optimization of energy allocation**, and guarantee safer, cleaner, more economical and sustainable energy supply.
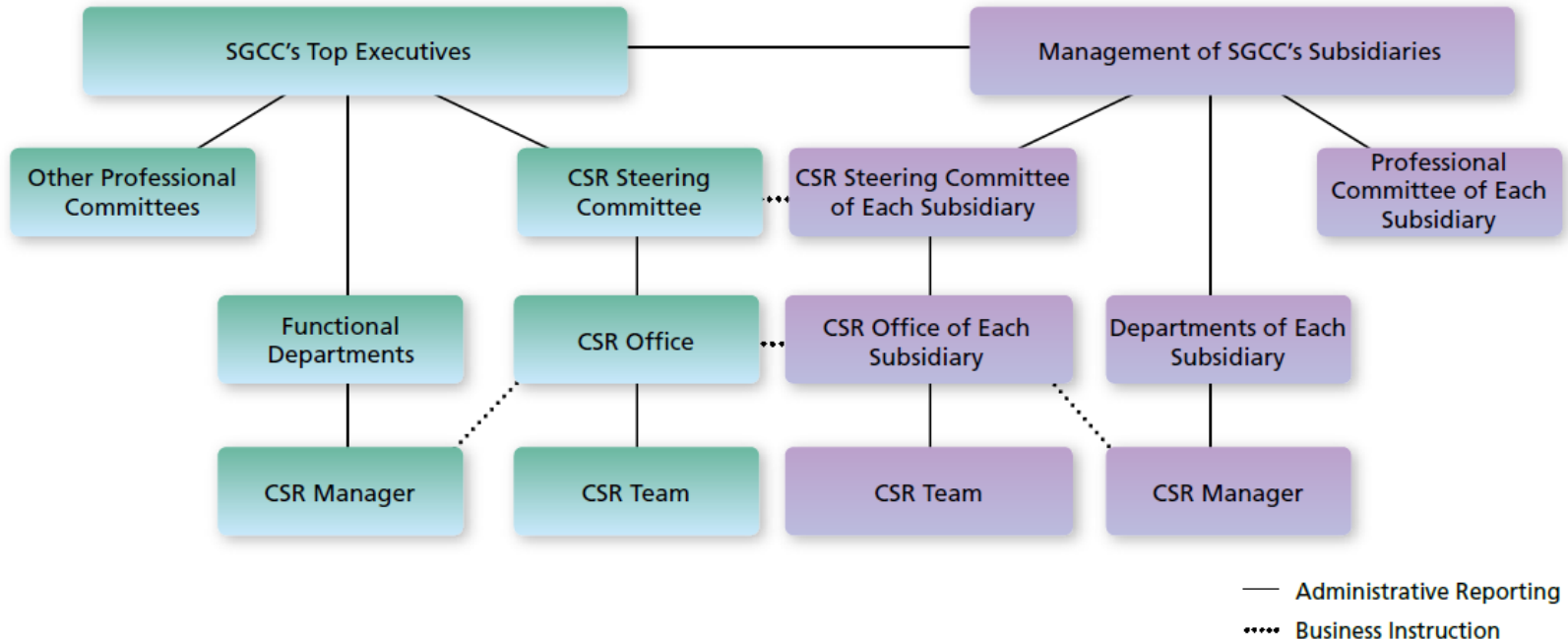
Source: SGCC Guidance for the Implementation of CSR (2008)

Establishing the Organizational Management System

- The CSR **organizational management system** is viewed as an organizing framework and operating procedure that is to serve and promote corporate commitment in compliance with its social responsibilities in all operational aspects.

- The **CSR Steering Committee** has been set up for defining CSR missions and principles and Implementing a unified management for CSR activities, with SGCC's President as director general and other top executives as deputy directors.

- Committee Members are either the chief of SGCC's Functional departments, or the head of subsidiaries. CSR Office has been set up under the Steering Committee, with Administration Office handling daily affairs.

Establishing the Organizational Management System

- SGCC's Top Executives
- Management of SGCC's Subsidiaries
- Other Professional Committees
- CSR Steering Committee
- CSR Steering Committee of Each Subsidiary
- Professional Committee of Each Subsidiary
- Functional Departments
- CSR Office
- CSR Office of Each Subsidiary
- Departments of Each Subsidiary
- CSR Manager
- CSR Team
- CSR Team
- CSR Manager

— Administrative Reporting
····· Business Instruction

◯ Responsibilities of CSR Steering Committee
- Lay out CSR strategy and general objectives
- Implement CSR management and make decisions and plans
- Steer the establishment of a CSR management system
- Review CSR work plan
- Review and release CSR Report
- Recruit CSR experts to assemble an expert team
- Organize CSR events

◯ Responsibilities of other professional committees
- Implement social responsibility in conjunction with relevant departments
- Assist CSR Committee in fulfilling CSR requirements

Establishing the Organizational Management System

Responsibilities of **CSR Office**

- Implement decisions and plans
- Coordinate establishment and implementation of
- CSR management system
- Make CSR work plans, propose budget and training programs
- Conduct research on CSR key subjects
- Develop CSR management tools
- Draft CSR Report
- Manage CSR website
- Communicate with counterparts at home and abroad

Establishing the Organizational Management System

Responsibilities of other **departments** on CSR

- Identify CSR subjects involved
- Promote dialogues and cooperation with stakeholders
- Undertake CSR tasks
- Organize internal trainings on CSR
- Define job responsibilities, the scope of management system and work procedures
- Collect CSR statistical indexes
- Work out CSR plans
- Assess CSR performance

Establishing the Organizational Management System

Responsibilities of **CSR Manager** in departments

- Assist CSR Office in launching CSR trainings
- Gather and Submit CSR subjects
- Coordinate efforts to draft programs for stakeholders' participation
- Coordinate efforts to implement CSR work plans
- Collect and submit information on CSR implementation

Establishing the Organizational Management System

Illustration — Formulation and Implementation of CSR Training Programs
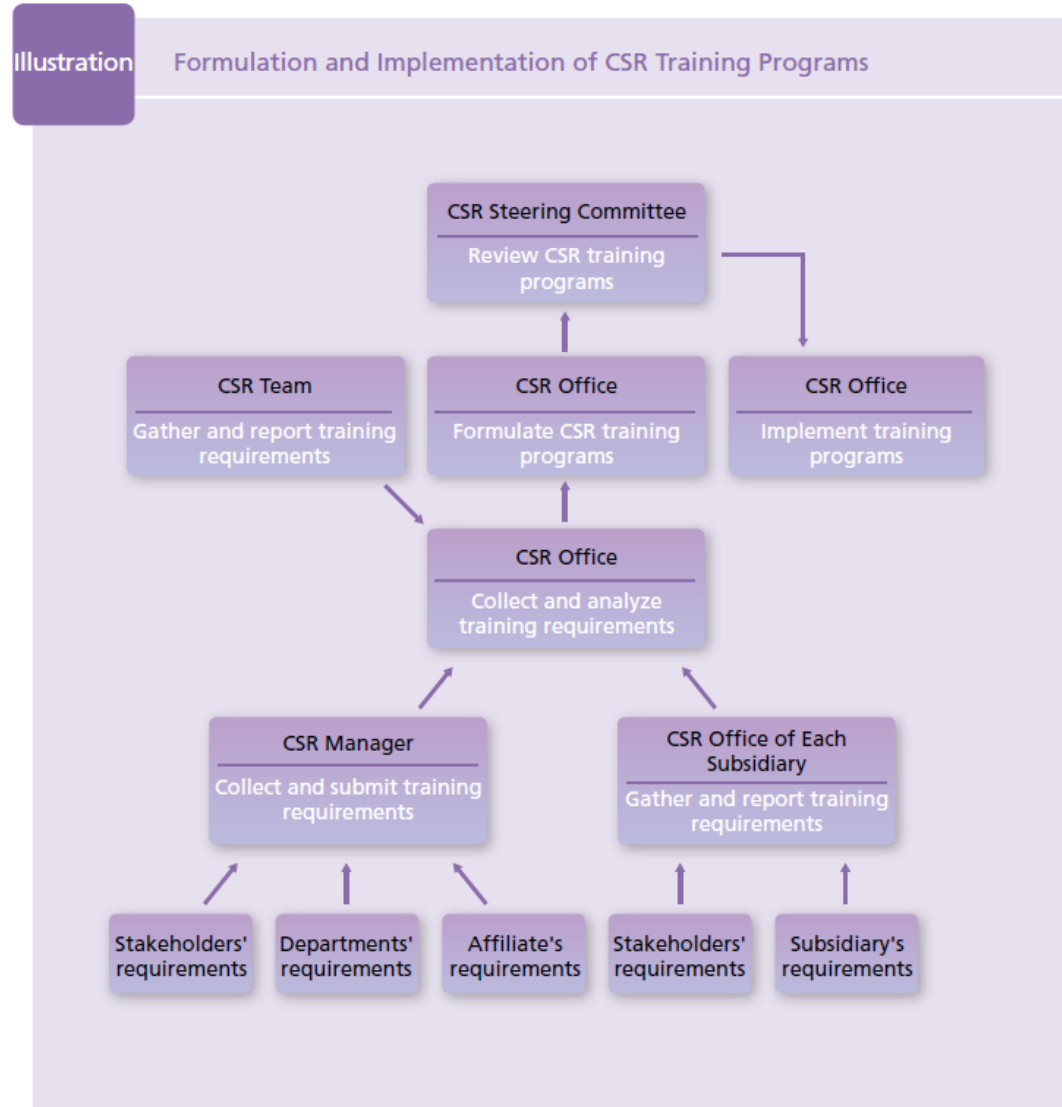
CSR Daily Management System
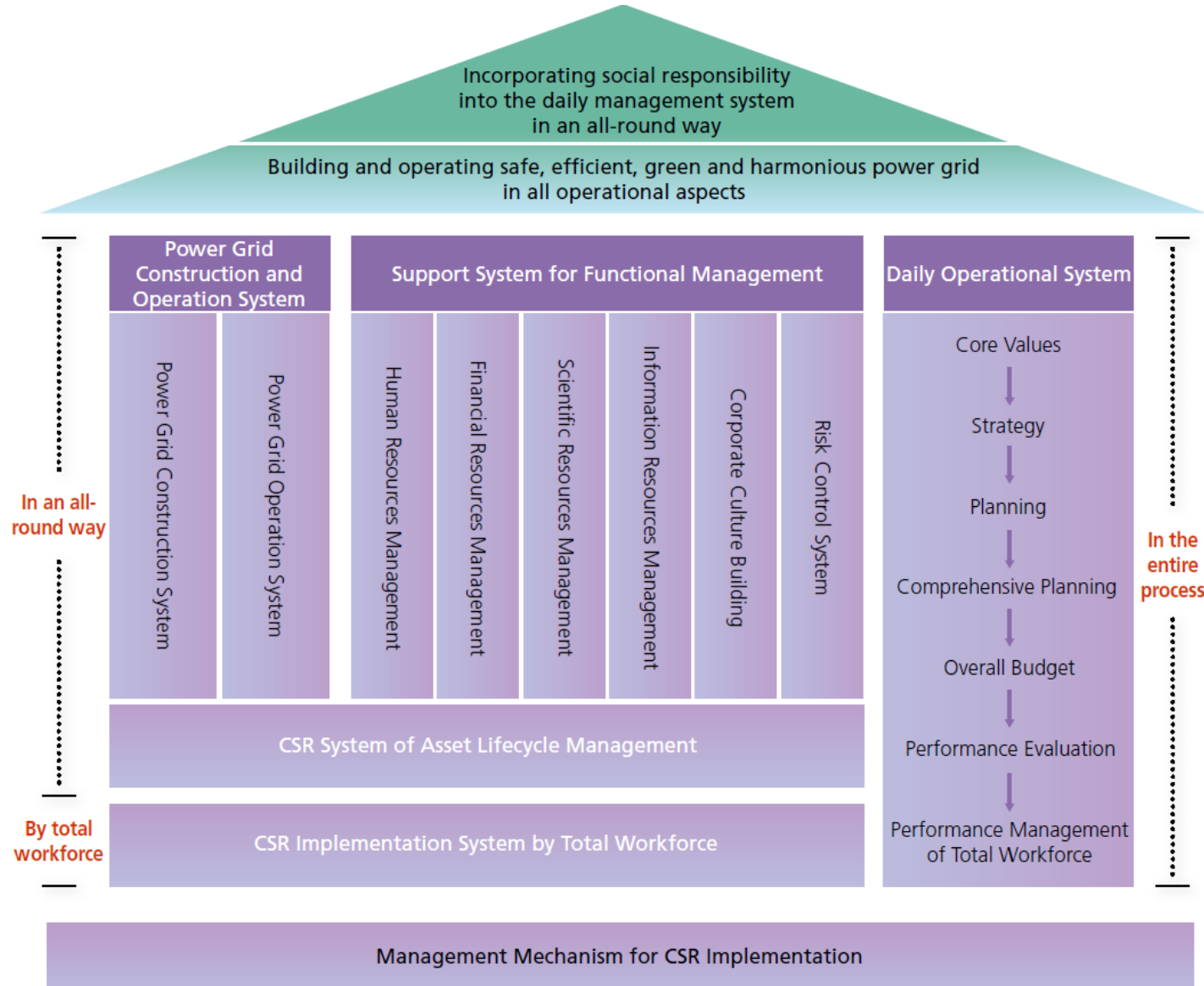
1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **Better anticipation and management of an ever-expanding spectrum of risk.**
  - Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability.

- **Improved reputation management.** Organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed.
  - Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency.

1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **Enhanced ability to recruit, develop and retain staff.**
  - This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as "family-friendly" policies (improve employee morale and loyalty).

- **Improved innovation, competitiveness and market positioning.** CSR is as much about seizing opportunity as avoiding risk.
  - Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers.

1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **Enhanced operational efficiencies and cost savings.** These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement.
    - For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into particle board, for example) and for system-wide reductions in energy use, and costs.

- **Improved ability to attract and build effective and efficient supply chain relationships.** A firm is vulnerable to the weakest link in its supply chain.
    - Like-minded companies can form profitable long-term business relationships by improving standards, and thereby reducing risks. Larger firms can stimulate smaller firms with whom they do business to implement a CSR approach.

1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **Enhanced ability to address change.**
  - A company with its "ear to the ground" through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Increasingly, firms use CSR as a "**radar**" to detect evolving trends in the market.

- **More robust "social licence" to operate in the community**.
  - Improved citizen and stakeholder understanding of the firm and its objectives and activities translates into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances (relate closely to CSR reputation).

# 1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **Access to capital.** Financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects.
  - When making decisions about where to place their money, investors are looking for indicators of effective CSR management.

- **Improved relations with regulators**. In a number of jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation.
  - In some countries, governments use (or are considering using) CSR indicators in deciding on procurement or export assistance contracts.

1. THE KEY POTENTIAL BENEFITS FOR ORGANISATIONS IMPLEMENTING CSR

- **A catalyst for responsible consumption.** Changing unsustainable patterns of consumption is widely seen as an important driver to achieving Sustainable development.
    - Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them.

- CSR implementation contributes to raising the capability of **corporate strategy management, improving the quality, thinking pattern and work style of employees** and inspiring their dedication, innovation and team spirit. It thereof strengthens corporate competence in an all-round way.

- In addition, it is **devoted to enhancing interaction with stakeholders to win their understanding** and support so as to forge a harmonious relationship with stakeholders and shape a good corporate image.

# THE CIRCLE OF THE CSR AND COMMON GROWTH

Important aspects concern with business activities and stakeholders interests – to realize harmonius interaction and common growth.

Source: SGCC Guidance for the Implementation of CSR (2008)
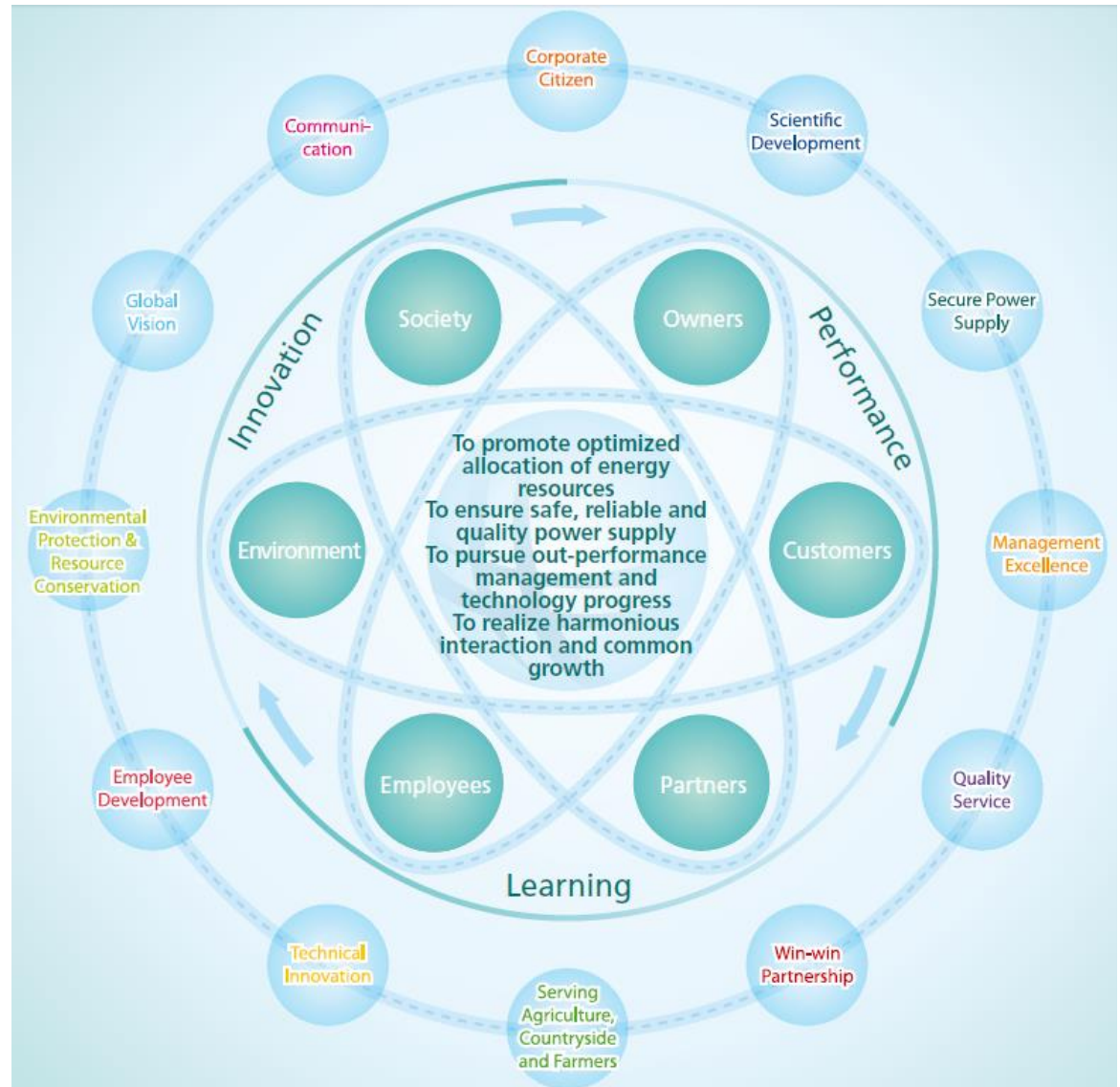
2. THE BASIC ASPECTS OF CSR IMPLMENTATION

- Well-designed **CSR implementation framework** integrates economic, social and environmental decision making throughout a firm → from the board of directors to front-line officials and supply-chain partners → and is therefore intimately connected with effective *corporate governance*.

- One way in which all businesses of all sizes, and from all industries, should start the journey towards CSR is by using *stakeholder dialogue*.

- The benefits derived from identifying and conversing with **all the groups and individuals that are connected to business are significant** as it is these people that can distinguish the weak points, strong points, failures and successes of its social, environmental and economic aspects.

2. THE BASIC ASPECTS OF CSR IMPLMENTATION
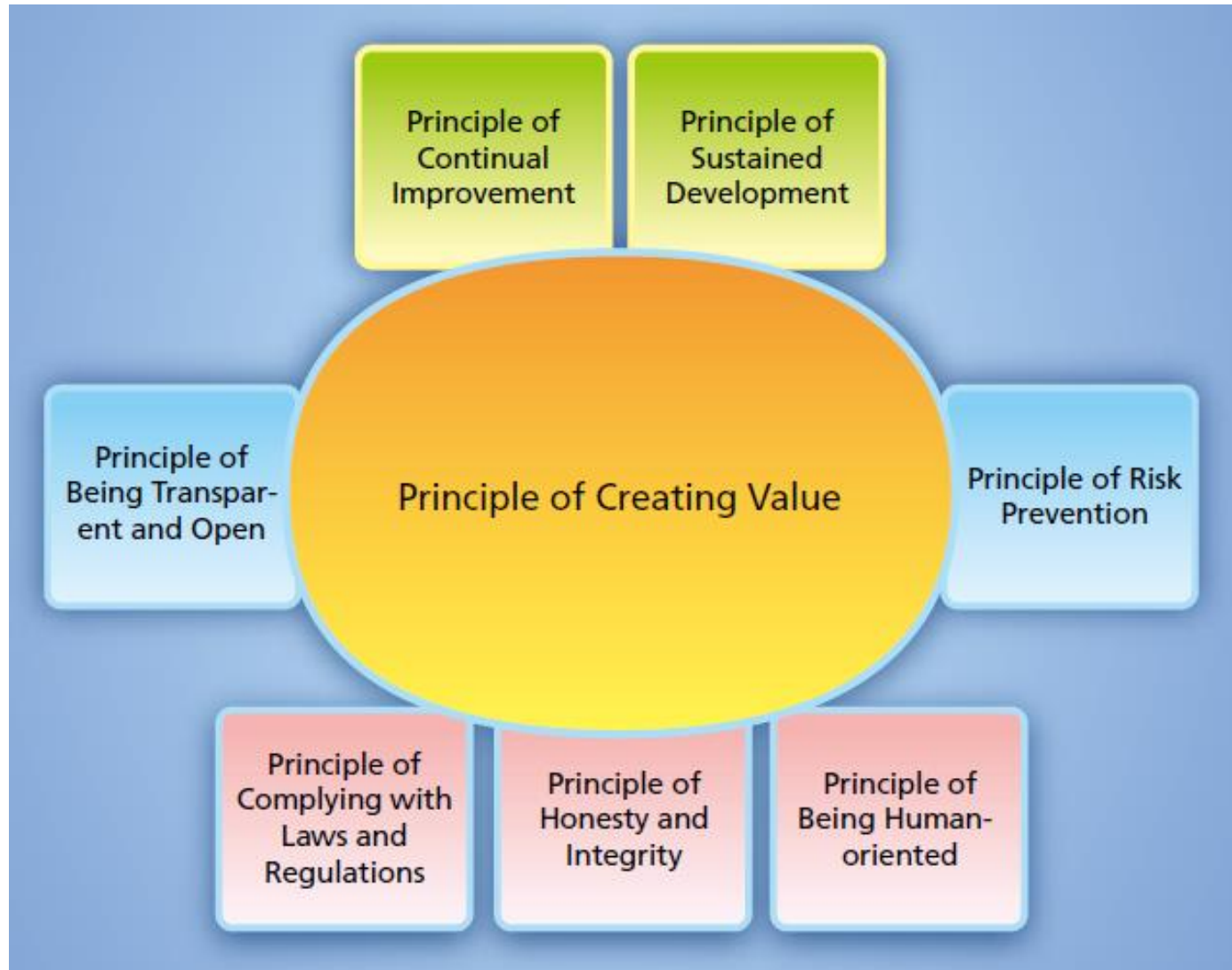
2. THE BASIC ASPECTS OF CSR IMPLMENTATION

- Depending on the size and activities of a company, its **stakeholders** could include:
    - **Business Partners** (*employees, suppliers, distributors, service providers, unions*);
    - **Authorisers** (*government – legislation and guidance, regulatory agencies, shareholders, investors, professional bodies, board of directors*);
    - **External influencers** (*consumers, clients, public, media, special interest or pressure groups*).

- The real value of corporate social responsibility is that the *concept can enable a business to approach existing objectives with a fresh perspective and encourage others* to view the business from a new, often more favourable angle.
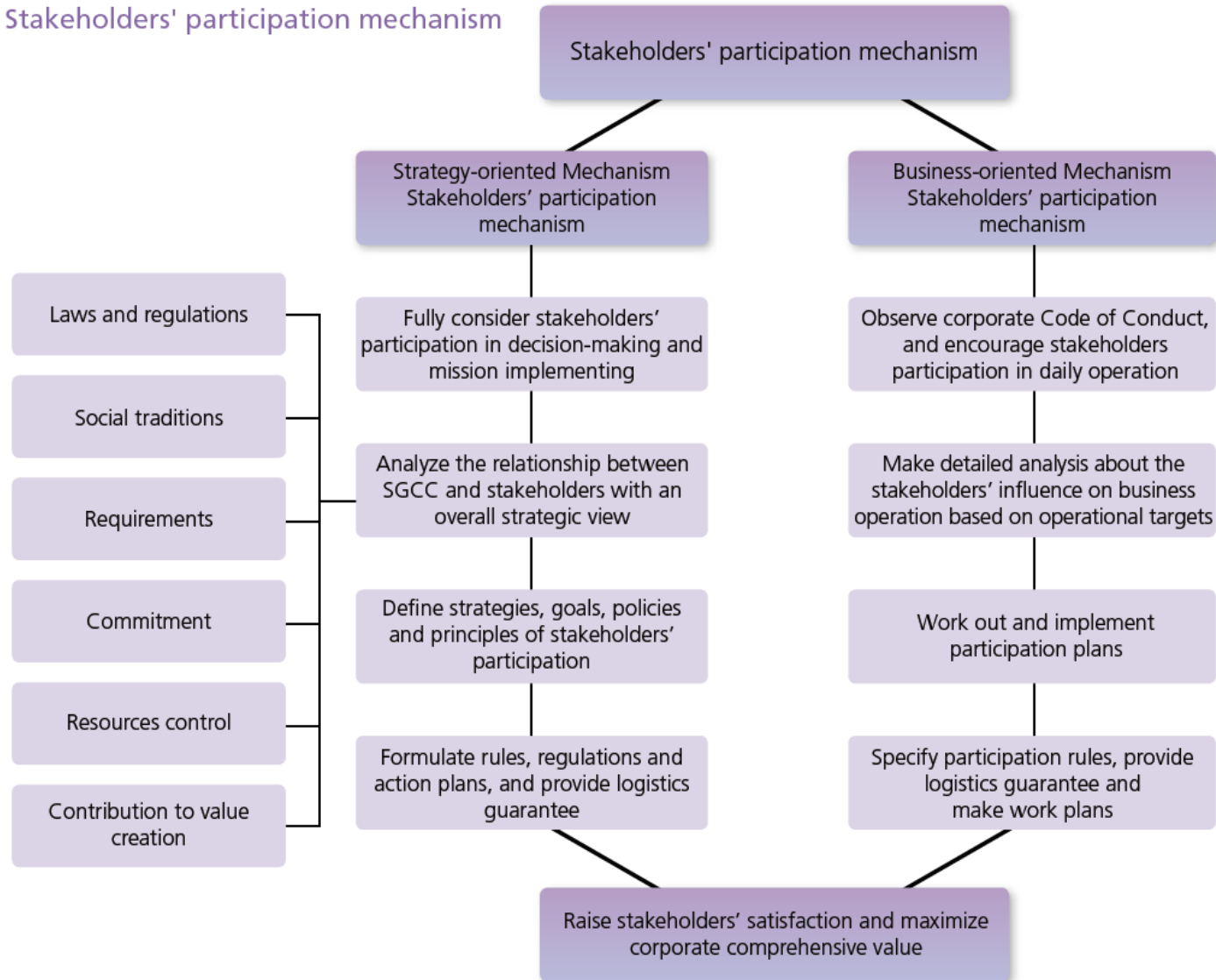
2. THE BASIC ASPECTS OF CSR IMPLMENTATION

The general measures and starting points in implementation CSR:
*   initiate stakeholder dialogue;
*   have a long-term outlook;
*   identify parts of existing business aims and policies that show social responsibility and build on these;
*   consider writing some short simple statements of values, aims and targets that you could aim to fulfil in whatever timescales seem appropriate and realistic;
*   engage with the local community and be more transparent;
*   consider ways in which you can implement the CSR in your own business;
*   may consider writing a small report on environmental and social issues that they have addressed;
*   consider your reputation with local government, consumers and media.

2. THE BASIC ASPECTS OF CSR IMPLMENTATION

2. THE BASIC ASPECTS OF CSR IMPLMENTATION

The business *you should do*:
- CSR audit. CSR is all about the interaction a business has with the rest of society.
  - This means not just core stakeholders such as customers, employees, investors and suppliers, but includes the wider community. Then ask *Does the business interact with these groups in a way that is responsible? Are practices fair, honest and open, and do they build goodwill?*

- Look at employment practices. *Does the company follow enlightened policies on recruitment, training, health, safety and welfare?*

- Look at marketing practices.

- Look at environmental practices.

- Look at community involvement.

- Benchmark. Look for the best examples you can find (not only in your industry).

2. THE BASIC ASPECTS OF CSR IMPLMENTATION

The business *you should do*:

- Understand why you need CSR. Your reputation can affect the perception of customers, investors, employees and potential trade partners.

- Explain CSR and counter cynicism. Every manager and employee should understand the importance of CSR to the business and to themselves. A properly designed CSR programme will have positive benefits for marketing, HR, production and key business areas. If people understand this, they will take ownership and responsibility.

- Explain CSR to your external stakeholders.

- Celebrate success as you pass significant CSR milestones.

2. THE BASIC ASPECTS OF CSR IMPLMENTATION

And the business – *you should not do*:

- Don't make token gestures.
- Don't apply different standards. Given our global village, moving a dirty process to a less regulated country or applying vastly different standards in different parts of the business can seriously harm your reputation.
- Don't stand still. Issues change with time, look ahead, take the public pulse, see what legislators are up to and update the CSR programme to stay ahead of the game.
- Don't slide and backtrack. Appoint someone or even a team to ensure policies are implemented.
- CSR and the issues that drive it are usually irreversible. It is better to stay ahead and on the right side of key issues.

2. THE BASIC ASPECTS OF CSR IMPLMENTATION

- As we begin to understand more about how firms react to pressures for greater CSR, we understand more about their learning stages and how they translate that learning into action.

-

- Simon Zadek (the founder and CEO of AccountAbility) **identify the five stages of learning** that organisatoion go through „*when it comes to developing a sense of corporate responsibility*".

The five stages of CSR learning:
1. Defensive (to deny Responsibility)
2. Compliance (to do the minimum required)
3. Managerial (to begin integrating CSR into management practices)
4. Strategic (to embed CSR within the strategy planning proces)
5. Civil (to promote CSR practices industry-wide)

3. CSR IMPLEMENTATION FRAMEWORK

Strategy implementation's top 10 checklist:

1. Commitment of top management
2. Involve middle manager's valuable knowledge
3. Communication is what implementation is all about
4. Integrate point of view
5. Clear assignment of responsibilities
6. Preventive measures against barriers
7. Emphasize teamwork activities
8. Respect the individuals´ different characteristics
9. Take advantage of supportive implementation instruments
10. Calculate buffer time for unexpected incidents

3. CSR IMPLEMENTATION FRAMEWORK

- The **framework** is intended to help boards of directors, CEOs, managers, employees and others assess a firm's effects on society and the challenges and opportunities associated with taking these impacts into account in decision making and business activities.

- The CSR implementation framework set out in this guide is built around the "*plan, do, check and improve*" model.

- *Plan* is the first part and in this phase it is important to decide the organizational working process.
    - *Clearly define instructions, instruments and approach is crucial in the preparation phase, since this is the starting point and t*he organization should ask themselves were they are going and not were they are right now. This is done by having a clear vision and the right instructions and instruments to reach there.

3. CSR IMPLEMENTATION FRAMEWORK

- ***Do*** is the next step of the process where a numerous of actions needs to be taken. Initially, it is important ***to conduct a CSR business plan*** that can either be integrated with the organizations overall goals and vision or it can be separately executed.
    - The **CSR business plan** should contain CSR implementation strategy, commitments and decision making structures. A **CSR commitment draft** should also be prepared and it should include the different CSR commitments the company decides to undertake.

    - A **CSR working group** with members who are enthusiastic about the project should be out together. As the implementation goes on it is important to keep the employees up to date and give them continuously CSR training.

3. CSR IMPLEMENTATION FRAMEWORK

- *Check* is the third part of the implementation model and in this part the to *measure the targets and recognize performance* that has been set up earlier. It is important *to report progresses* in order to improve the outcome of the CSR implementation process. The usage of *reward systems* is important to keep employees motivated in the CSR implementation process.

- *Improve* is the final step in model and in this part is the implementation evaluated - important in order to improve the CSR implementation process.

- *Communication* is important in every phase of the implementation. To really emphasize the importance of communication it is shown as an arrow in the model through the entire process.

3. CSR Implementation framework

Honen and Potts implementation guide

In recognition of the fact that firms are at different levels of sophistication and development with respect to CSR, it is understood that firms may choose to forego a particular aspect or task when it has already been undertaken.

When?	*What?*	*How?*
Conceptual phase	Task delineation	Checkpoints on the journey
Plan	1. *Conduct a CSR assessment*	• Assemble a CSR leadership team; • Develop a working definition of CSR; • Identify legal requirements; • Review corporate documents, processes and activities, and internal capacity; • Identify and engage key stakeholders.
	2. *Develop a CSR strategy*	• Build support with CEO, senior management and employees; • Prepare a matrix of proposed CSR actions; • Develop ideas for proceeding and the business case for them; • Decide on direction, approach, boundaries and focus areas.
Do	3. *Develop CSR commitments*	• Do a scan of CSR commitments; • Hold discussions with major stakeholders; • Create a working group to develop the commitments; • Prepare a preliminary draft; • Consult with affected stakeholders.
	4. *Implement CSR commitments*	• Develop an integrated CSR decision-making structure; • Prepare and implement a CSR business plan; • Set measurable targets and identify performance measures; • Engage employees and others to whom CSR commitments apply; • Design and conduct CSR training; • Establish mechanisms for addressing problematic behaviour; • Create internal and external communications plans; • Make commitments public.
Check	5. *Assure and report on progress*	• Measure and assure performance; • Engage stakeholders; • Report on performance, internally and externally.
Improve	6. *Evaluate and improve*	• Evaluate performance; • Identify opportunities for improvement • Engage stakeholders.
Cross-check	7. *One cycle completed*	Return to plan and start the next cycle.

3. CSR Implementation framework

CSR performance assessment structures
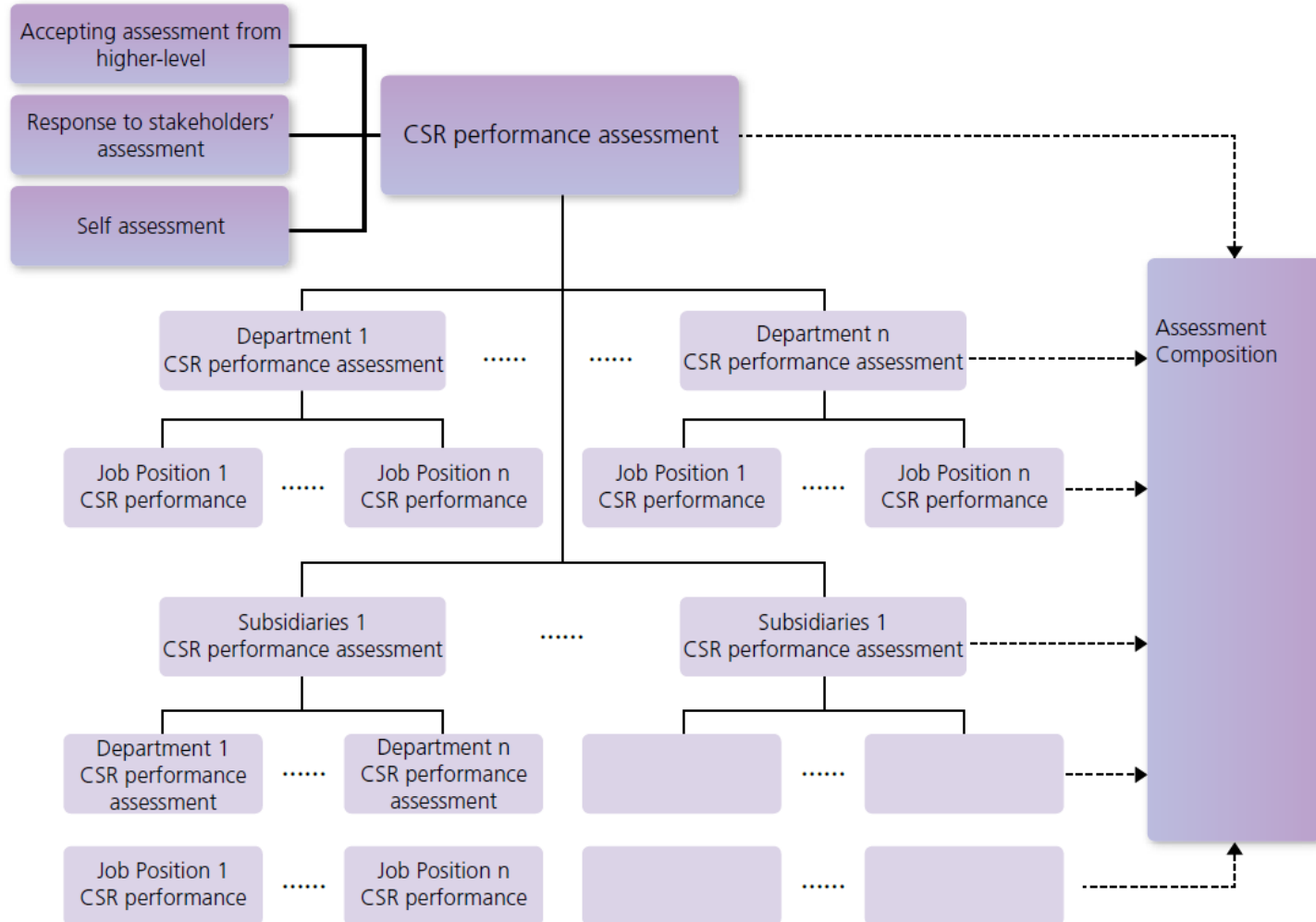
SUMMARY OF THE LECTURE

- Implementation is all about communication and communication is important all along the implementation process, not only initially but also along the way in order to better evaluate the process and measure the progress of the implementation.

- It is very important that everyone involved in the implementation process is aware of why they are doing things and that they understand the purpose and goal with the process and that the discussion around the CSR implementation is ongoing and open.

Recomended study:
- Chandler, Werther, Jr. „Strategic Corporate Social Responsibility", chapter 5.

THE TOP 100 COMPANIES WITH THE BEST CSR (CORPORATE SOCIAL RESPONSIBILITY) REPUTATION

Source: Reputation Institute

https://youmatter.world/en/top-100-companies-best-csr-reputation2019-28108/