

THE CORPORATE SOCIAL RESPONSIBILITY

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What is CSR?

- a means to contribute to society while improving their image and reputation among **stakeholders** (Nunez, 2007).
- organization's **obligation** to act in a manner aimed at both its interest and that of its stakeholders (Constantinescu et al., 2003)

How do you think this can be done?

What is CSR?

- managers obligation to undertake actions that protect and improve the society welfare and the company's interest.
- the aim of CSR is to develop decision-making capabilities within organizations to enable them to consider the interests of stakeholders in a rational and legitimate manner (Whincop, 2008).
- Reinhardt (2008) believes is a means to sacrifice a portion of profits in order to ensure the social interest.

However, the evidence showing that companies really sacrifice their profits for the social interest is lacking.

CSR

Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

CSR approaches

- ***The classical approach*** is based on the assertion stipulated by Milton Friedman, who believes that **business is mainly made for profit.**
- Against CSR

The classical approach

Arguments:

CSR actions should be made only by the Government, since they are better seen than the ones of the companies

The company's management has obligations only towards the stockholders-maximizing the profit

CSR actions lead to costs that in order to be recovered will be included into the price and so they will be supported by the clients

There is no evidence that all managers are capable of identifying which actions are of a social interest

By obtaining profit, companies create jobs, ensure the working conditions of employees, pay taxes, and so on, in other words they fulfill certain obligations aimed at social interest.

CSR approaches

The socio-economic approach -firms must focus on the welfare of society and believes that companies should not have only an economic motivation.

- The main representatives: Paul Samuelson and Keith Davis.
- Keith Davis defines social responsibility as constituting the acceptance of social obligations beyond what the law requires. It begins where the law ends (Davis, 1973)
- Pro CSR

The socio-economic approach

Arguments:

A good reputation for the company

Through CSR actions, companies benefit of “free publicity” and with a higher psychological impact than the usual commercials/publicity

Companies obtain certain legal facilities

CSR actions help motivating and making loyal the employees

Obtaining the goodwill of local authorities

Avoidance of the interference of authorities into the company’s activity

The growth of the stock value

Davis 's model

❖ Social responsibility appears due to the social power

(**Social power** = the capacity a person or a group has in imposing its will on others in order to undertake actions with a certain end that will lead to results that will guide society to attain certain purposes)

❖ Companies have to act as an open system in both ways, being open to communication with society and revealing to the public their operations

Davis 's model

- ❖ The social costs and advantages of an activity, product or service have to be taken into consideration when decisions are made regarding that activity, product or service.

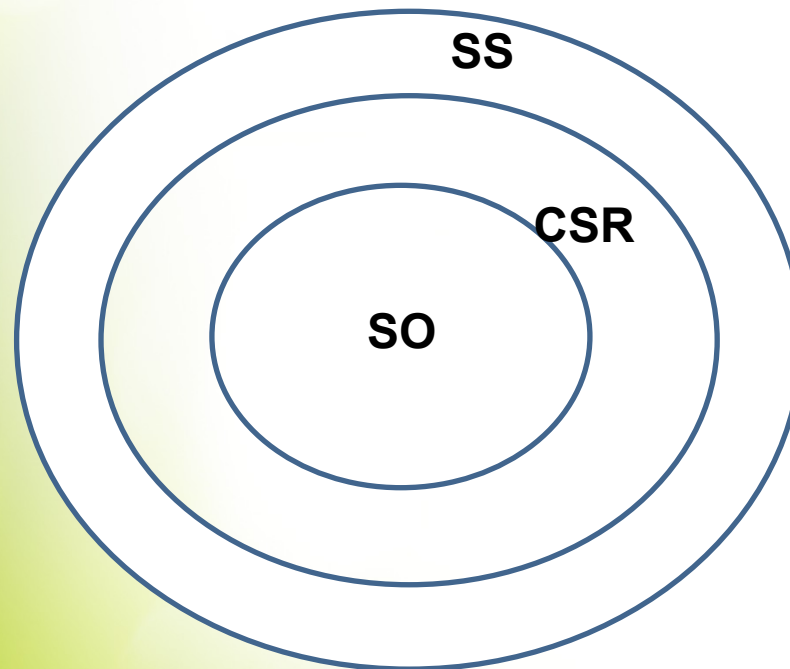
(**Social cost** is the total cost to society. It includes both private costs plus any external costs.

The social costs of smoking include the passive smoking that other people experience.)

- ❖ The social costs of each activity, product or service has to be passed over the consumer
- ❖ Companies, due to the civic spirit, have the responsibility of getting involved in certain social problems that exceed their usual field of activity.

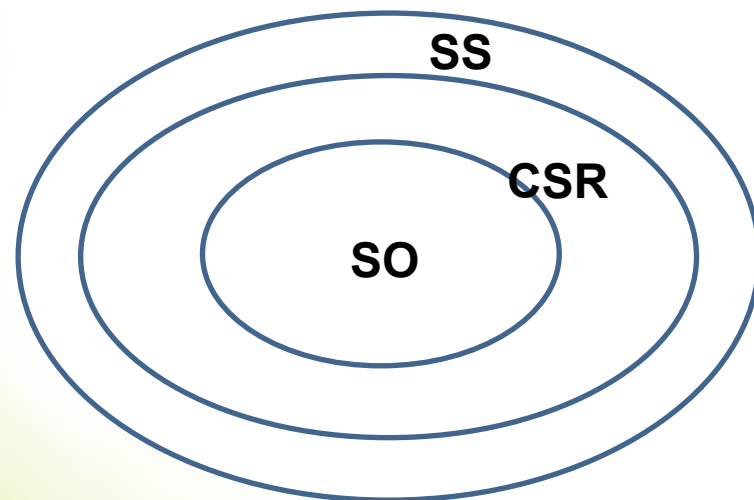
Management approaches in order to satisfy social obligations

(Social obligations can be defined to as responsibilities which an organization or an individual has to do in order to benefit the society)



Management approaches in order to satisfy social obligations

1. **The social obligations approach**-involves filling only the legal requirements (obeying the law).
2. **The CSR approach**-implies filling the legal requirements and the social requirements that directly affect the economic activity.
3. **The social sensibility approach**- implies filling the legal requirements and the social requirements that directly and indirectly affect the economic activity.



active involvement towards meeting current and anticipated social needs

The proactive strategy

The obstructionist strategy

companies try to limit the Government intervention into their activity

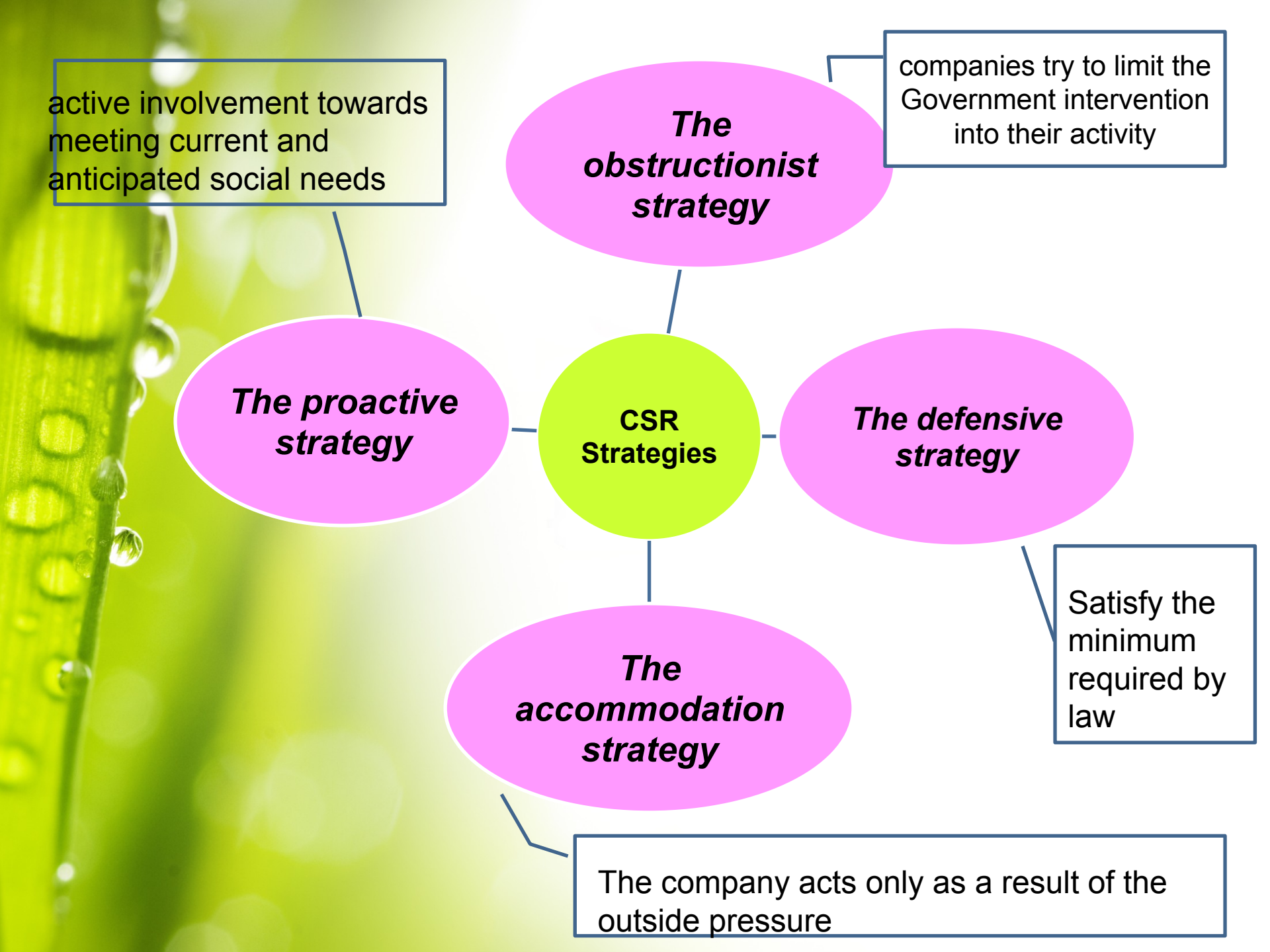
CSR Strategies

The defensive strategy

Satisfy the minimum required by law

The accommodation strategy

The company acts only as a result of the outside pressure



Types of CSR programmes

1. Cause Promotion

- a type of program through which the company contributes with money or other resources to :
 - grow the public awareness and concern for a cause or
 - to make the public donate, participate or volunteer in order to support a cause.





In a cause promotion campaign companies try to:

- Make the public concerned about a cause (eg. by showing relevant statistics about that cause : the number of homeless children)
- Convince the public to find out more about a cause (entering a website, participating in seminars, etc.)
- Convince the public to donate time for supporting a cause (eg. Ecologic activities)
- Convince the public to donate money for supporting a cause (a spot on companies' website where people can donate money for a cause, etc.)
- Convince the public to donate nonfinancial values (clothes, books, etc.)
- Convince the public to participate in a way or another along with a cause (by signing a petition, going at a concert, etc.)

- **2. Cause Related Marketing**

- A company **commits** itself to donate for a cause, a certain **amount of money** that depends on the **sales** the company makes in a certain period of time.



- Usually a Cause Related Marketing campaign implies an offer that:
 - -is available only for a certain period of time
 - -refers at a certain company product
 - -is **made for an NGO benefit** or the benefit of another partner that is legitimate towards the cause

This type of campaign offers the most **benefits** for all parties involved:

- Consumers may contribute, freely, to an NGO or their favorite cause
- The NGO gets a significant amount of money in a relatively easy manner
- The company grows its sales and it creates a strong relationship between the brand and its consumers



When choosing the right cause, companies have to take into account causes that attract a large number of persons

- ❖ Major health problems (cancer, AIDS,)
- ❖ Problems that affect children (education, domestic violence)
- ❖ Serious social problems (natural disasters, poverty)
- ❖ Environmental problems.



3. Corporate Social Marketing

Is a CSR program through which the company tries to **change a negative behavior** or to convince the public to **have a positive one**.

To be legitimate the approached problem has to **affect a large number of persons** and its solving to be urgent.



Most of the problems are:

- threats to life or security/safety (eg. Traffic safety)
- health (breast cancer, diabetes, etc.)
- environment (the use of pesticides, air pollution, etc.)
- civic engagement (volunteering, blood donation, etc.)

4. Corporate Philanthropy

It is a type of program through which the company **directly contributes**, with **goods or money** to support a cause.

-the oldest type of CSR initiatives



-recommended when the company tries to strengthen its brand. The cause the company invest in send emotional messages about the brand.

Forms of philanthropic activities:

- Money donations (eg. The company donates money for a program that helps homeless persons)
- Financing activities (eg. The company launches its own financing program that allows NGO to apply)
- Scholarships (eg. The company initiates a scholarship program for disadvantaged youth)
- Donations in products or services (eg. An IT company donates computers for the school in the rural areas)
- Offers of expertise (eg. A company with a medical profile helps in making information materials about drugs)
- Access to the company's distribution channels, locations or equipments (eg. A gas station offers recipients for collecting the used car oil)

5. Community Volunteering

- the company **encourages its employees to volunteer** in supporting the community, an NGO or a cause.
- a classic CSR form.

The new trend instead is the companies tendency to use volunteering to:

- give a higher impact to other social initiatives
- serve the company's goals and communicating the company's values.



A company can make several actions in order to stimulate employees volunteering, such as:

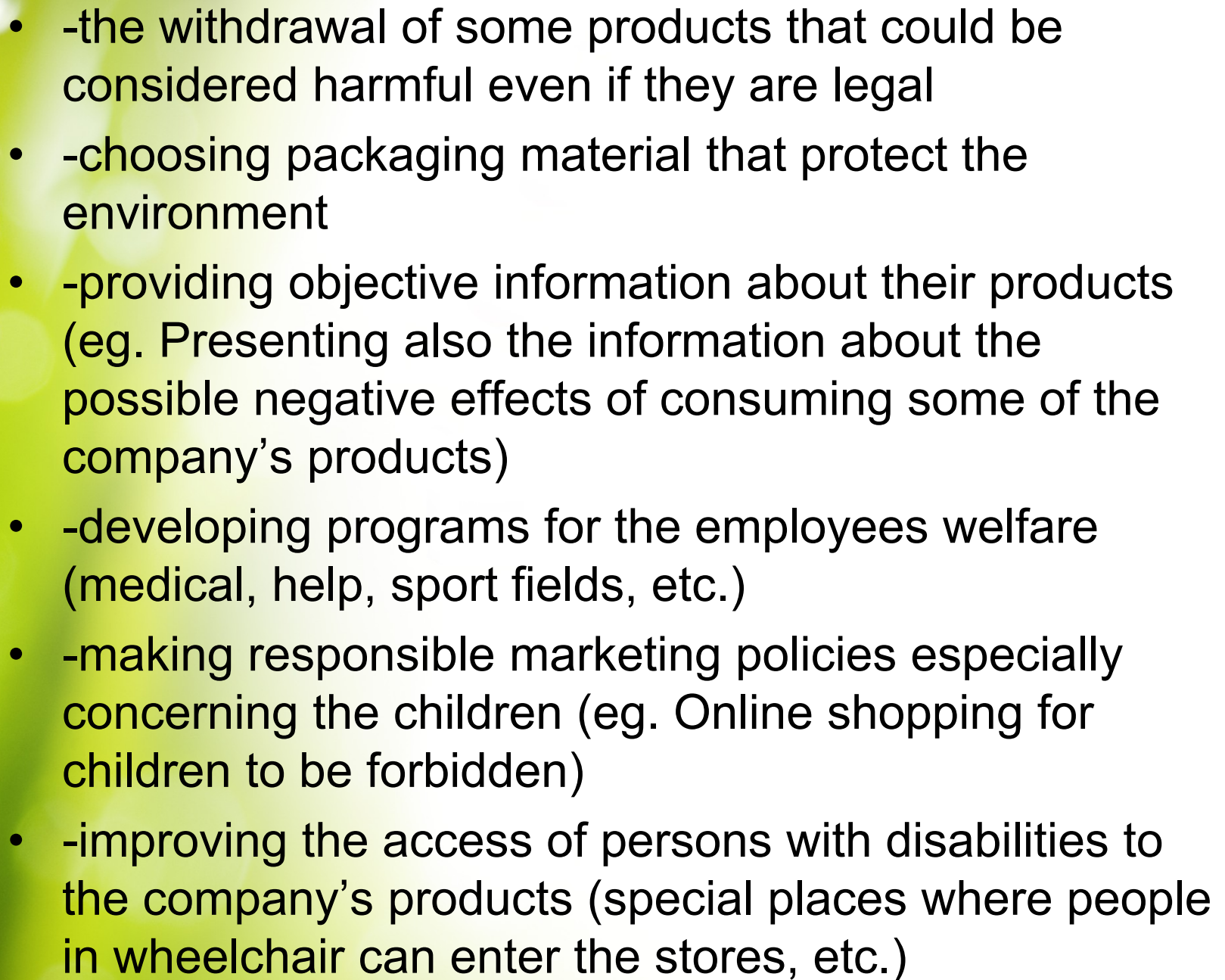
- promoting volunteering as an organizational value
- recommending certain causes through internal communication
- recruiting and organizing the volunteers teams
- supporting the employees in the effort to find a cause by providing the resources or by using the matching programs (through some catalogues, software programs, etc.)
- offering paid free working days for employees, that they will use for volunteering
- recognizing the employees who stood out within the volunteering actions (through the internal newsletter, through diplomas, etc.)

6. Socially Responsible Business Practices

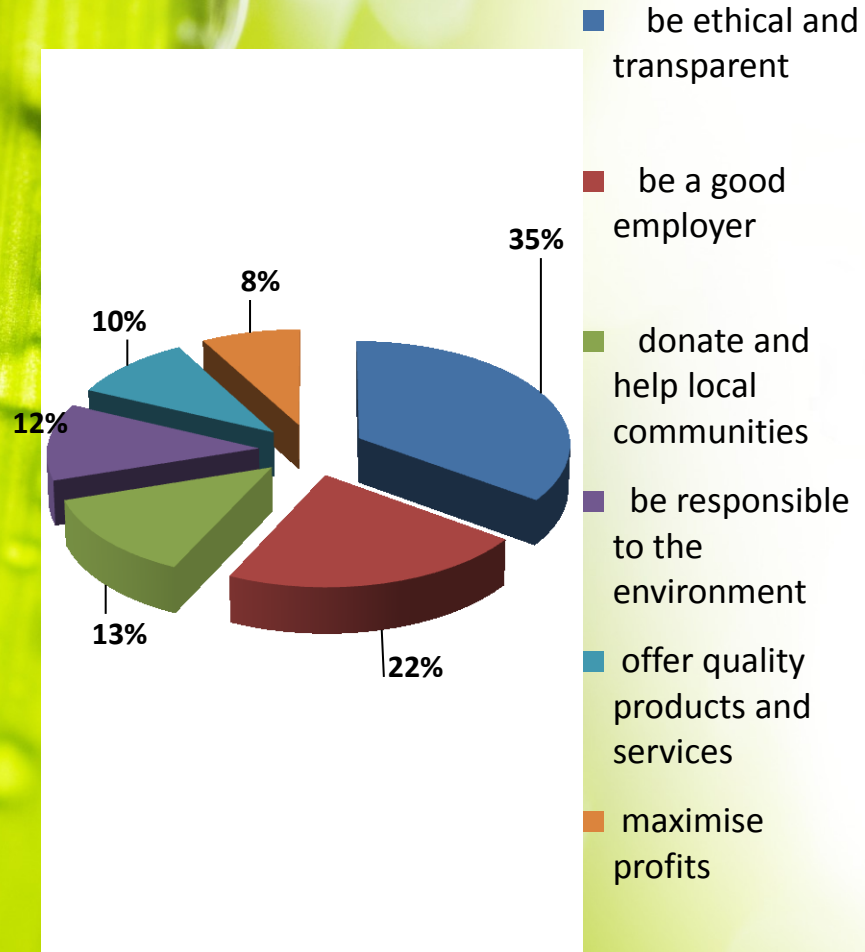
- Are initiatives through which a company **voluntarily** improves its operating way in a manner to contribute to the **community welfare** and **environment protection**.

A company can make changes in fields like:

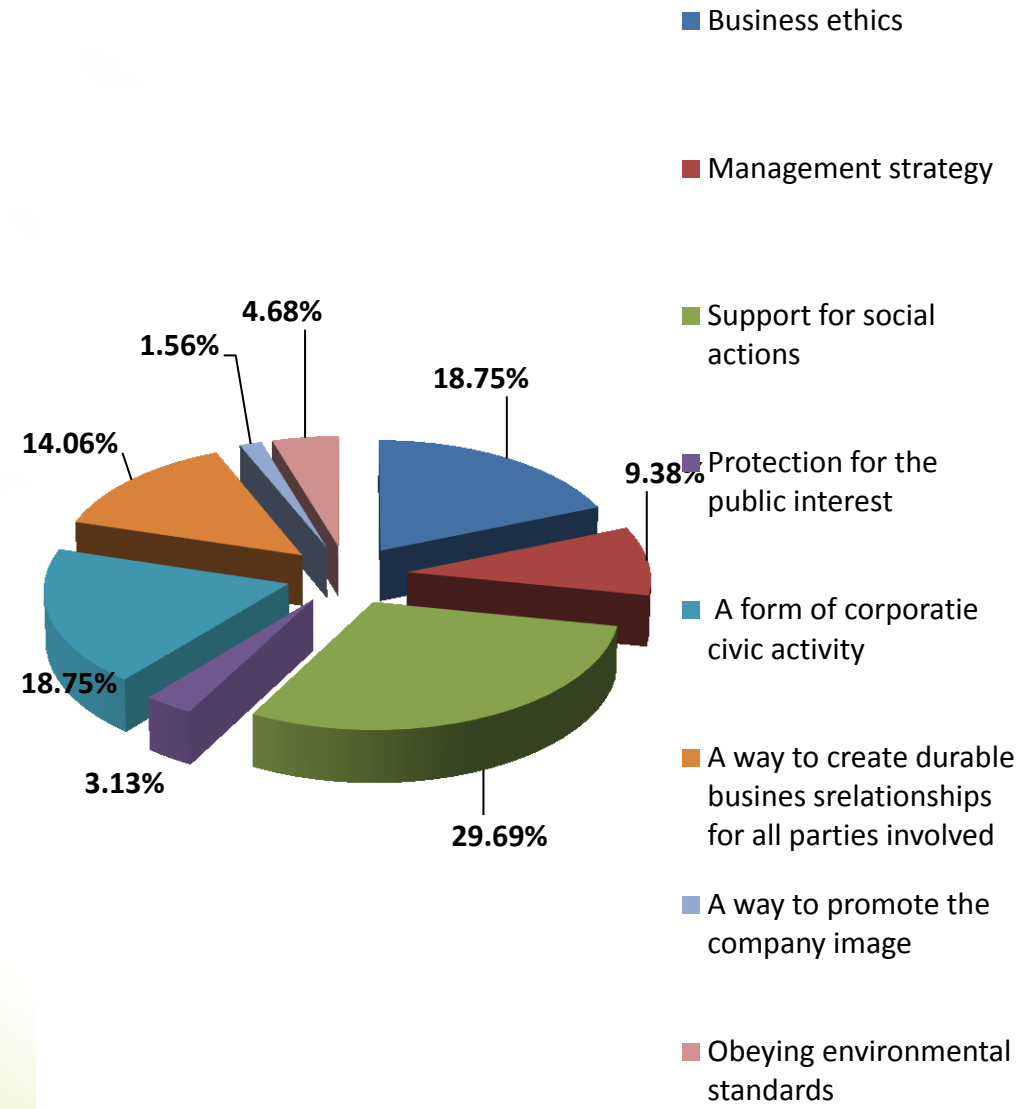
- -the design on the locations in which it operates (eg. Projecting its headquarters, production units in a way that would give a higher safety level, reduce the energy consumption, etc.)
- -improving production processes (eg.waste elimination, etc.)

- 
- -the withdrawal of some products that could be considered harmful even if they are legal
 - -choosing packaging material that protect the environment
 - -providing objective information about their products (eg. Presenting also the information about the possible negative effects of consuming some of the company's products)
 - -developing programs for the employees welfare (medical, help, sport fields, etc.)
 - -making responsible marketing policies especially concerning the children (eg. Online shopping for children to be forbidden)
 - -improving the access of persons with disabilities to the company's products (special places where people in wheelchair can enter the stores, etc.)

- What does CSR mean for Czech companies?



What does CSR mean for Romanian companies?



Why do companies make CSR actions?

Czech companies	Romanian companies
Ethical and moral aspects	National recognition and visibility
Keep up with competitors and market requirements	International recognition and visibility
Effort to increase economic results	Identifying social problems and trying to solve them
Effort to attract and retain the best employees	Promoting company's products/services
Effort to increase the loyalty of customers	Improving company's image
Effort to gain a competitive advantage	



Study case-NIKE

Nike, the athletic footwear and clothing manufacturer, is a good example of a multinational corporation that **has incorporated CSR** into its overall business **strategy**. In fact, Nike might argue that the move was **necessary for its survival**.





Study case-NIKE

- produces footwear, clothing, equipment and accessory products for the sports and athletic market
- the largest seller of such garments in the world
- based in Oregon, USA
- operates in 120 countries and has over 20,000 employees
- listed as one of the 226 companies recognized for sustainability efforts on the Dow Jones Sustainability Index.





Study case-NIKE

The problem

- Most products are manufactured by independent contractors with footwear products in particular being manufactured in developing countries
- Nike has around 700 contract factories, within which around 20% of the workers are creating Nike products.
- Conditions for these workers has been a source of heated debate, with allegations made by campaigns of **poor conditions**, with commonplace **harassment** and **abuse**





Study case-NIKE

The problem

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- In Indonesia in Nike's factories were reported :
 - verbal abuses
 - sexual harassment
 - physical abuse





Study case-NIKE

Solving the problem

Nike has sought to respond to these allegations by putting into place a **code of conduct for all of its suppliers**, and working with the Global Alliance to review around 21 of these factories, and to pick up and respond to issues.

Nike has launched its '**Transparency 101' program**-monitoring factories in each country where Nike operates and ensuring that the practices in each are in line with its code of conduct.

Nike has recently been investigating options for improving its energy efficiency by certifying all of its new buildings in Oregon





Study case-NIKE

Looking for the future

Nike's plans :

- A continued effort to eliminate PVC in its products;
- The 'Reuse a Shoe' programme which, since its inception, has enabled some 13 million pairs of athletic shoes to be recycled;
- Reducing emissions at factories worldwide and encouraging the adoption of environmental management systems in each plant;



Thank You for your attention!

