

# CSR and Shifting Expectations in a Global World

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Society's expectations of companies have changed how businesses think about corporate responsibility

## Market forces

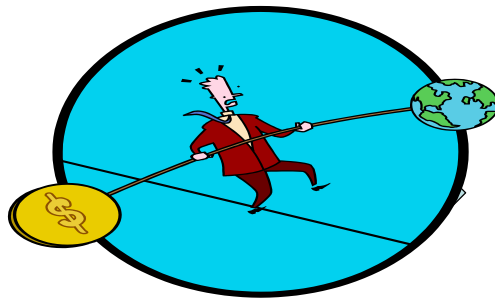
- Reduced role of government
- Impact of globalized production and service delivery
- Rise of non-governmental organizations and consumer activism
- Loss of trust following corporate scandals

Driving Change

## Shifting Expectations

- Increased expectation for companies to fill the void left from a reduced governmental role
  - Economic strategies
  - Establish standards e.g. human rights
  - Promote environmental protection
- More accountability and transparency for financial, ethical, social and environmental performance

## The CSR formula



Behaviour

+

Communication

=

Reputation

## Defining CSR:

- “Corporate Social Responsibility (CSR) is about the core behaviour of companies and the responsibility for their total impacts on the societies in which they operate”
- “A socially responsible corporation is one that runs a profitable business that takes into account all of the positive and negative environmental, social and economic effects it has on society”

*Chris Marsden, Chair Amnesty International Business Group*

## DIFFERENT KINDS OF RISK

- Political risk
- Social risk
- Environmental risk
- Country-specific risks
- Operational risk
- Reputation risk

## Questions to ask....

### **You are operating in a changing environment...**

How do you gather information?  
What are your risks?  
Do you have adequate resources  
To deal with them?

### **You need an effective Plan**

How robust is your plan?  
Does everyone know their role?  
Is the plan implemented,  
regularly assessed and monitored?

### **You need to know the stakeholders**

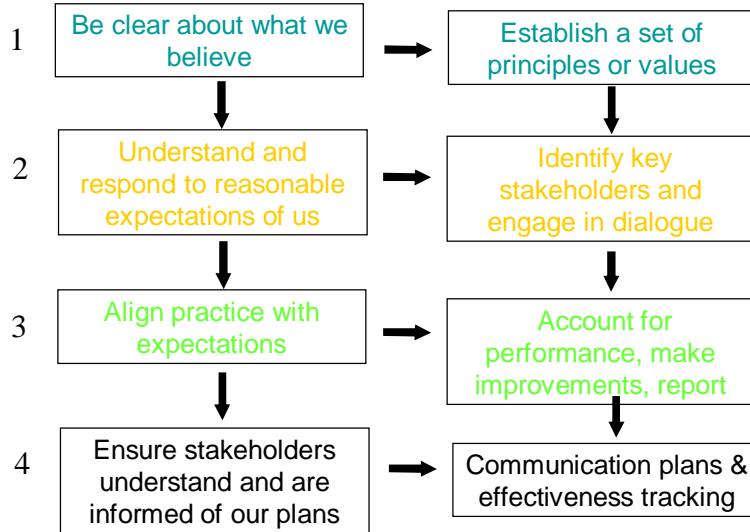
What is your relationship with  
the relevant stakeholders?  
Are you targeting the right ones?

### **Issues must be managed properly**

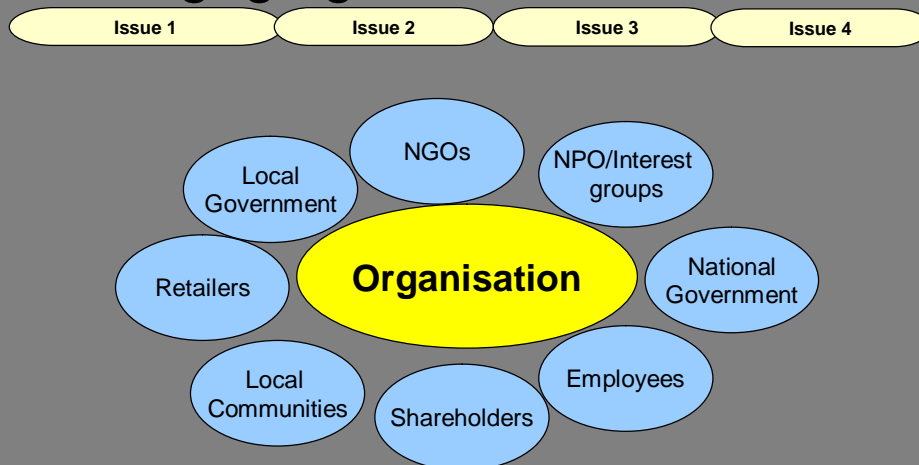
What are your priorities?  
Are you targeting the right issues?  
Are your messages clear and consistent?  
Do your responses align with your values

?

## Best practice blueprint...



## Engaging with Stakeholders



...The CSR challenge is trying to balance the views of all stakeholders

## The Global Reporting Initiative Guidelines

Product	Labour	Corporate
- Product safety/risk - marketing standards	- Workforce diversity (gender, age, race) - Child labour - Compensation & benefits - Standards of equality (wages, salaries, benefits) - Flexibility in work arrangements - Assistance for displaced workers - Training & development - Counselling services	- Governance - Trading practices - Human rights - Political activities
Supply Chain		Community
- Procurement standards - Supplier Selection		- Community involvement - Skills transfer - Site selection - Community reinvestment - Activities in developing countries - Philanthropy
Environment		
- Bio-diversity - Factory emissions - Waste/Re-cycling		

## Top 10 reasons Companies are becoming more socially responsible

- 1. Enhanced reputation
- 2. Competitive advantages
- 3. Cost savings
- 4. Industry trends
- 5. CEO/Board commitment
- 6. Customer demand
- 7. SRI demand
- 8. Top-Line Growth
- 9. Shareholder demand
- 10. Access to capital

-PWC Sustainability Survey Report