

Chapter 9: Corporate Social Responsibility

MPU 2422 EVENT MANAGEMENT

Corporation

- ▶ Corporation can be defined as a legal entity, independent from those who work in them, manage them, invest in them, or receive products or services from them.
- ▶ Corporations are regarded as having perpetual succession, i.e. as an entity, they can survive the death of any individual investors, employees, or customers—they simply need to find new ones.

Moral responsibilities of a corporation

- ▶ According to the Nobel Prize laureate in Economic Science, Milton Friedman, since corporations are set up by individual human beings, it is those **human beings who have moral responsibility for the actions of the corporation.**

Why do corporations have social responsibilities?

- ▶ Corporations do not only exist in order to make profit but they must serve other purposes including:-
 - ▶ **Enhance (long-term) revenues.**
 - ▶ Customers will be more satisfied with corporations that are socially responsible, while corporations that are socially irresponsible may result in boycotts from customers or other undesirable consumer actions.
 - ▶ Similarly, employees might be more attracted to, and committed to, corporations perceived as being socially responsible, giving such companies more effective workforces

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- ▶ **Reduce costs.** CSR can reduce costs as it helps in saving energy, reducing waste and cutting out inefficiencies.
 - ▶ **Manage risk and uncertainty.** Voluntarily committing to social actions and programmes will ensure greater corporate independence from government as the government would believe in the credibility of a socially responsible corporations.
 - ▶ **Maintaining the social licence to operate.** Being a socially responsible corporation is the necessity for gaining and maintaining the consent of local communities, employees, and governments.
 - ▶ **Long term investment in a safer and better-educated community.** The surrounding community will be more likely to accept the presence of the corporation and believe in its credibility.

Definition of Corporate Social Responsibility

- ▶ **Corporate Social Responsibility can be defined as the relationship between a corporation and the local society in which it resides or operates.**
- ▶ A corporation should have a dedicated department or division which will be in charged of corporate social responsibility.
- ▶ They will be reviewing:-
 - ▶ The corporation's mission.
 - ▶ Planning the corporate social responsibility strategies.
 - ▶ Planning and executing the activities of corporate social responsibility.

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- ▶ The corporation mission
 - ▶ They will review the relevant missions, statements, policies, codes of conduct, principles and other operating documents of the corporation.
 - ▶ Corporate social responsibility strategies
 - ▶ Several strategies are to be devised to tackle the fulfilment of corporate social responsibility to benefit economic, social and environmental areas.
 - ▶ Planning and executing the activities
 - ▶ Activities are to be arranged to fulfil the corporate social responsibilities plan of the corporation.



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Activities and initiatives for corporate social responsibility

Preservation of environment

- Reduce consumption of energy, water and other natural resources, and emissions of hazardous substances;
- Use or produce recycled and recyclable materials, increase the durability of products, and minimize packaging through effective design (“reduce, reuse and recycle”);
- Train and encourage staff to look for additional ways to reduce the firm’s environmental footprint;
- Use “green” (i.e., renewable energy) power electricity suppliers and energy-efficient lighting;

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- Join or start a local “green business” club that can help local firms access conservation grants and expertise for reducing waste, water use and energy.
 - Consider using video-conferencing to meet a potential supplier or customer rather than always physically travelling to meetings;
 - Establish an environmental management system with objectives and procedures for evaluating progress, minimizing negative impacts and transferring good practices.



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Improving human resource management practices

- ▶ Establish policies to ensure the health and safety of all employees and make the policies known to employees;
- ▶ Involve employees in business decisions that affect them and improve the work environment;
- ▶ Consult employees on how to handle a downturn in business (e.g., offer the option of all staff taking pay cuts or reduced hours instead of layoffs);

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- ▶ When layoffs or closures are unavoidable, offer outplacement services, retraining and severance benefits;
 - ▶ Provide training opportunities and mentoring to maximize promotion from within the organization;
 - ▶ Extend training to life management, retirement planning and care of dependents;

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- ▶ Be open to job splitting, flex-time and other work-life balance policies;
 - ▶ Share training and human resources programs with other local small businesses;
 - ▶ Consider supporting daycare for children or elderly dependents;
 - ▶ Encourage a healthy workplace (e.g. implement a smoking ban or drug and alcohol abuse support program);
 - ▶ Provide exercise facilities or offer subsidized membership at a local gym

Promoting diversity and human rights

- ▶ Make sure that all staff know that there are explicit policies against discrimination in hiring, salary, promotion, training or termination of any employee on the basis of gender, race, age, ethnicity, disability, sexual orientation or religion.
- ▶ Jokes or behaviour in the workplace that insult employees on the basis of gender, race, age, ethnicity, disability, sexual orientation or religion must be eliminated.

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- ▶ When hiring, think creatively about where to advertise the job and whether there are any local employability schemes (e.g., run by a local council or employer) to help find work for people who are homeless or disabled.
 - ▶ Pay comparable wages for comparable work.
 - ▶ Support organizations that promote fair trade and human rights compliance.
 - ▶ Check where products are manufactured and look into any associated human rights concerns.



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Helping the community

- ▶ Encourage employee volunteering in the community and with financial contributions and help in kind.
- ▶ Make some of the business's product or services available free or at cost to charities and community groups.
- ▶ Look for opportunities to make surplus product and redundant equipment available to local schools, charities and community groups.

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- ▶ Buy from local suppliers and strive to hire locally.
 - ▶ Offer quality work experience for students (job shadowing).
 - ▶ Collaborate with local teachers to make the business the subject of a school project.
 - ▶ Use the business's experience to help a local school, charity or community group become more efficient and entrepreneurial.
 - ▶ Use some of the marketing budget to associate the business or brand with a social cause.

Conclusion

- ▶ Corporate Social Responsibility involves voluntary engagements, it might be seen—internally as well as externally—as “more PR (public relations) than promise.”
- ▶ Like any good policy, clear commitments are a vital component of any firm’s efforts to be transparent, accountable and credible.
- ▶ CSR commitments create the baselines against which behaviour may be subsequently measured.
- ▶ When properly implemented, CSR commitments can increase the likelihood that a firm will appropriately respond to an opportunity and decrease the probability it will engage in problematic conduct.

Activity

- ▶ Assemble in each bureau and discuss about the activities for the event which will be held by the class.