

CORPORATE SOCIAL RESPONSIBILITY (CSR)

What is corporate social responsibility?

Corporate social responsibility refers to any voluntary business activity that goes beyond legal compliance, enhancing **economic performance and contributing to sustainable development of the environment and the community** in which the business operates. Generally, a company's CSR activity will fall under one of four headings: workplace, environment, community or marketplace.

Some of the most frequently cited CSR activities from company case studies include:

- community involvement e.g. business-education links programmes;
- philanthropy e.g. providing funding to local amateur theatre groups;
- protection of the environment e.g. waste recycling initiatives;
- diversity initiatives e.g. activities relating to Anti-Racist Workplace Week;
- employee well-being programmes e.g. Nutrition and Health Foundation Workplace Wellbeing programme - www.nutritionandhealth.ie;
- human rights activities e.g. introducing a Dignity at Work Charter and upholding the principles of the Universal Declaration of Human Rights in all business locations;
- stakeholder dialogue and involvement e.g. establishing community consultation forums;
- advertising e.g. supporting responsible advertising;
- health and safety e.g. introducing proactive programmes of safety improvement;
- supply chain management e.g. developing and distributing a Code of Responsible Purchasing for suppliers to the company.

What are the principles of corporate social responsibility?

CSR is based on the following six key principles:

- voluntarism - it is a voluntary business practice;
- flexibility - it can be adapted to changing circumstances and expectations of a company, its customers or employees;
- fluidity - it is a fluid concept, changing with time and thriving on new ideas and initiatives;

- communication - it communicates the values, beliefs and ethics of a company to its stakeholders;
- responsibility - it provides a company with a framework for taking ownership of its actions and;
- risk management - it helps to minimise risk factors, particularly relating to brand or reputation.

What is the difference between corporate social responsibility and corporate governance?

Corporate social responsibility refers to business ethics and the behaviour of a company, corporate governance refers to the internal rules and structures of a company. Corporate governance not only involves compliance with laws and regulations but also extends to responsible business behaviour by the board, employees, and all others acting on behalf of the company/enterprise. In essence, CSR can only begin when good standards of corporate governance are in place. Together a company's corporate governance and CSR policies can portray to the public the company's ethos and ethics.

A company's awareness of the impact of its operations on all of its stakeholders, and a consequent pursuit of responsible practices, lies at the heart of CSR.

Why should I be interested in corporate social responsibility?

All companies should be interested in corporate social responsibility as increased media attention on abuses of corporate power has led to a rise in public awareness of corporate behaviour. CSR is not just a public relations exercise as the internal and external promotion of CSR activities can increase the positive reputation of a business by providing a framework to disseminate core values and beliefs to a wide range of stakeholders. A better working relationship with the community, shareholders and employees, can result as well as enhanced public understanding of the business and its operations.

In addition, an increasing number of investors believe that commercial performance is linked to the social consciousness of a company. Investors and analysts are demanding access to more detailed information about the non-financial as well as the financial aspects of a business,

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with CSR activities becoming a feature of annual reports. Alternative Indexes such as the FTSE4Good and the Dow Jones Sustainability Indexes (DJSI) have emerged, offering a complement to mainstream stock markets and providing information on socially conscious companies. Being listed on alternative indexes can increase a company's competitive advantage by distinguishing it in the marketplace.

How do I integrate it into my company?

There are several ways of integrating CSR into a company. Best practice suggests that CSR should reflect the values and beliefs of the organisation as highlighted in the mission statement. It must be driven by top management and reinforced through the company's reward and recognition procedures. All of a company's activities, including its products and production process, should reflect the company ethos, which should also be reinforced by the actions of senior management. Some companies promote and extend their CSR principles to their supply chain if it is feasible. In addition, since the interests and values of an organisation's stakeholders tend to steer the direction of CSR activities, it is advisable to communicate and develop buy-in at the early stages of a development to strengthen support for the proposal and for its roll-out. CSR can be communicated through staff and other stakeholder newsletters, the website, promotional events and personalised letters. If consultation while developing the CSR programme / policies is not possible, then feedback on a report can help to improve the plan in the future.

How do I communicate what I'm doing?

As mentioned below, CSR is voluntary and the public reporting of activities is not mandatory. However, some companies like to communicate their progress and use newsletters, websites, annual reports, join networks or publish full CSR reports. Using a website to report on CSR activities is a relatively simple way to communicate activities while also keeping costs to a minimum. Stakeholder forums are also used, as well as international instruments developed by governments, non-governmental organisations (NGOs) and business networks to encourage companies to share information and achievements externally. While many of the international frameworks were initially developed with multinational organisations in mind, some of them have now evolved to become more flexible and suitable to smaller organisations. For further information on

some of the instruments available, check out the IBEC information report on Corporate Social Responsibility.

How do I measure what I'm doing?

Measurement of your activities in this area will provide your company with a benchmark against which your progress can be measured. As a company's culture and values can have an effect on what is measured, quantification / qualification of CSR can be complex. Some companies develop their own methods of benchmarking, refining them on an ongoing basis to meet their needs. However, for small business in particular, a ready-made solution is needed. There are a wide variety of tools available that can be adapted to individual needs. In choosing one for your business, it is important to select the standards that most closely reflect your business needs and enhance the success and competitiveness of the organisation, as well as meeting the needs of the stakeholders. Please consult the IBEC information report on Corporate Social Responsibility to browse the tools available.

How much will it cost me?

The more extensive the CSR programme, the more expensive it can be. However, success does not necessarily equate to investment. Some smaller, less costly activities such as waste reduction initiatives, community based links and activities, supporting staff volunteering or responsible marketing, can be just as effective as larger initiatives. While operational changes can result in an increase in expenditure, in the medium to long-term this can be offset against cost savings in terms of reduced waste disposal charges as a result of recycling, enhancement of brand image through practical links with the community etc.

Is public reporting of my activities mandatory?

Reporting CSR activities publicly is not mandatory and IBEC and our representative organisation at EU level UNICE are opposed to any measures to make such reporting mandatory. However, many companies active in the area do choose to report, communicating to their stakeholders how the company has integrated their values and expectations into all of the company's activities and explaining to customers/investors how the company is being socially responsible.

Where can I get further information?

More information on CSR can be found on the social and education section of the IBEC website. Log onto www.ibec.ie/0/CSR_000 for further details.

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Note: This guideline is not a substitute for industrial relations and/or legal advice where appropriate. The Guideline may need adaptation to suit the particular circumstances of individual organisations. Members are invited to consult IBEC in this regard.