Corporate Social Responsibility

Concepts and implications

Nika Salvetti, MSM visiting lecturer.
EuroCham Conference 180418

What do we mean by CSR?
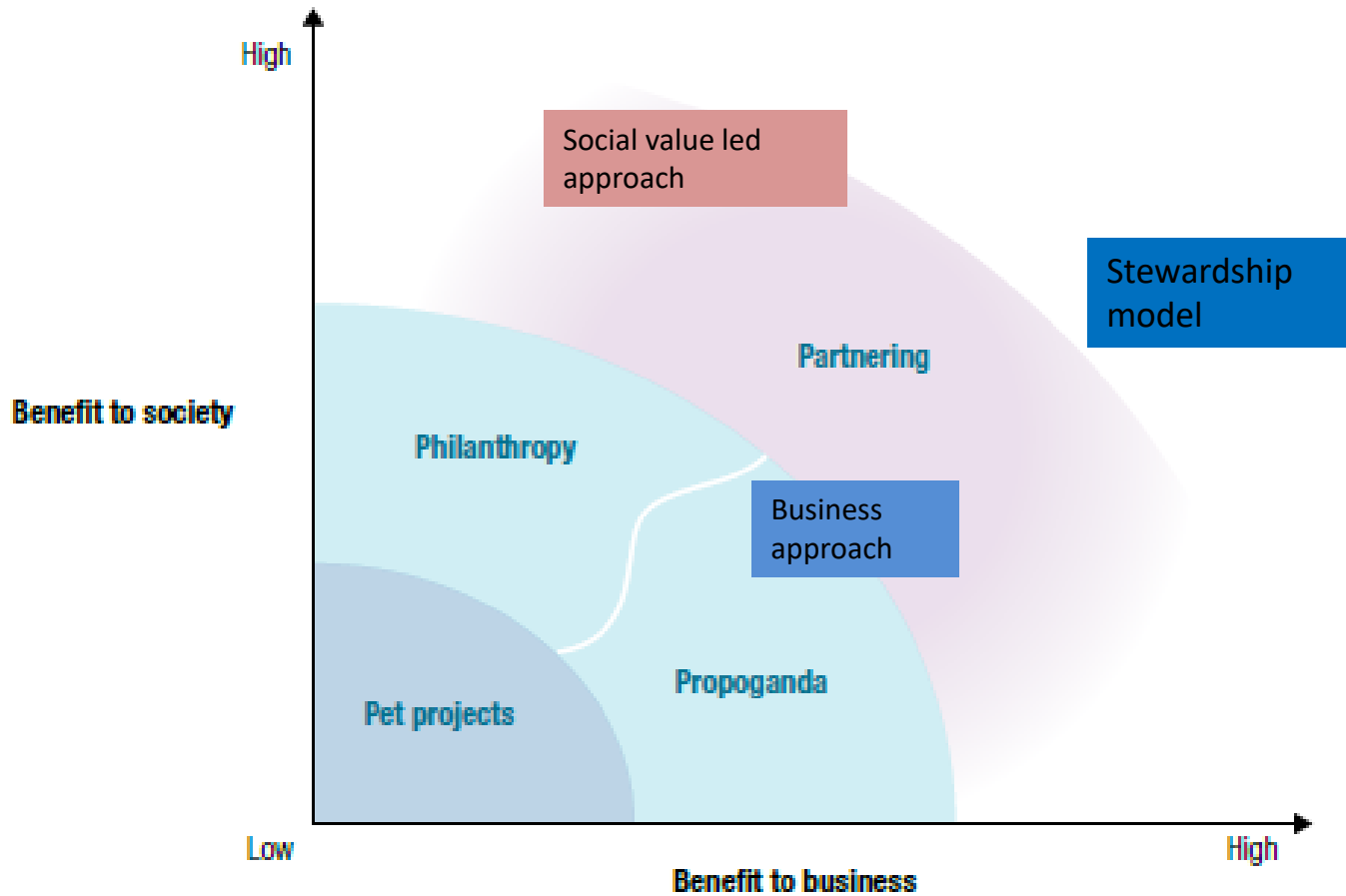
CSR is growing in relevance and evolving in significance

CSR is moving ahead

TRANSFORMATION OF CORPORATE MINDSET

Competitive Advantage

Cost

Risk

Second Wave

Ignorance

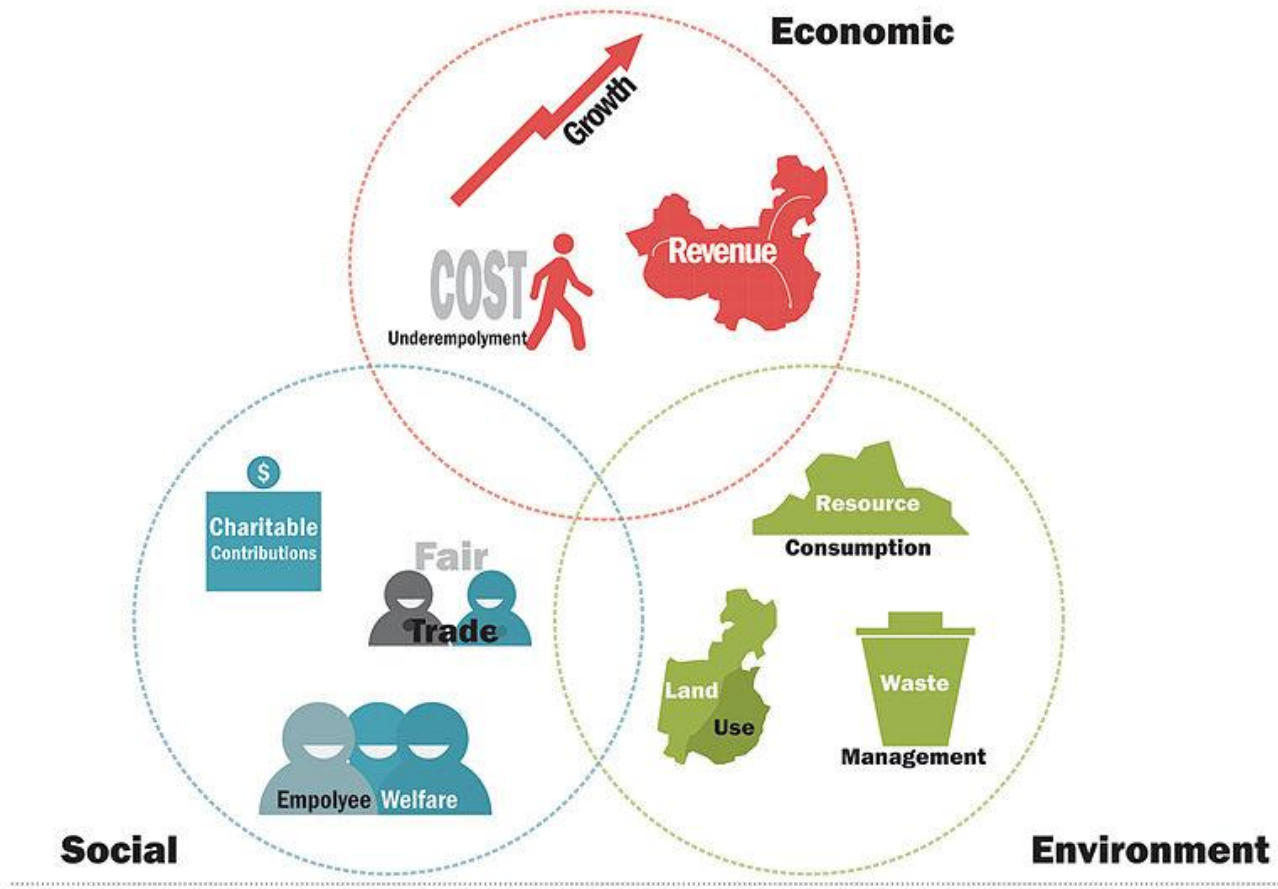First Wave

Opposition

Economic discourse
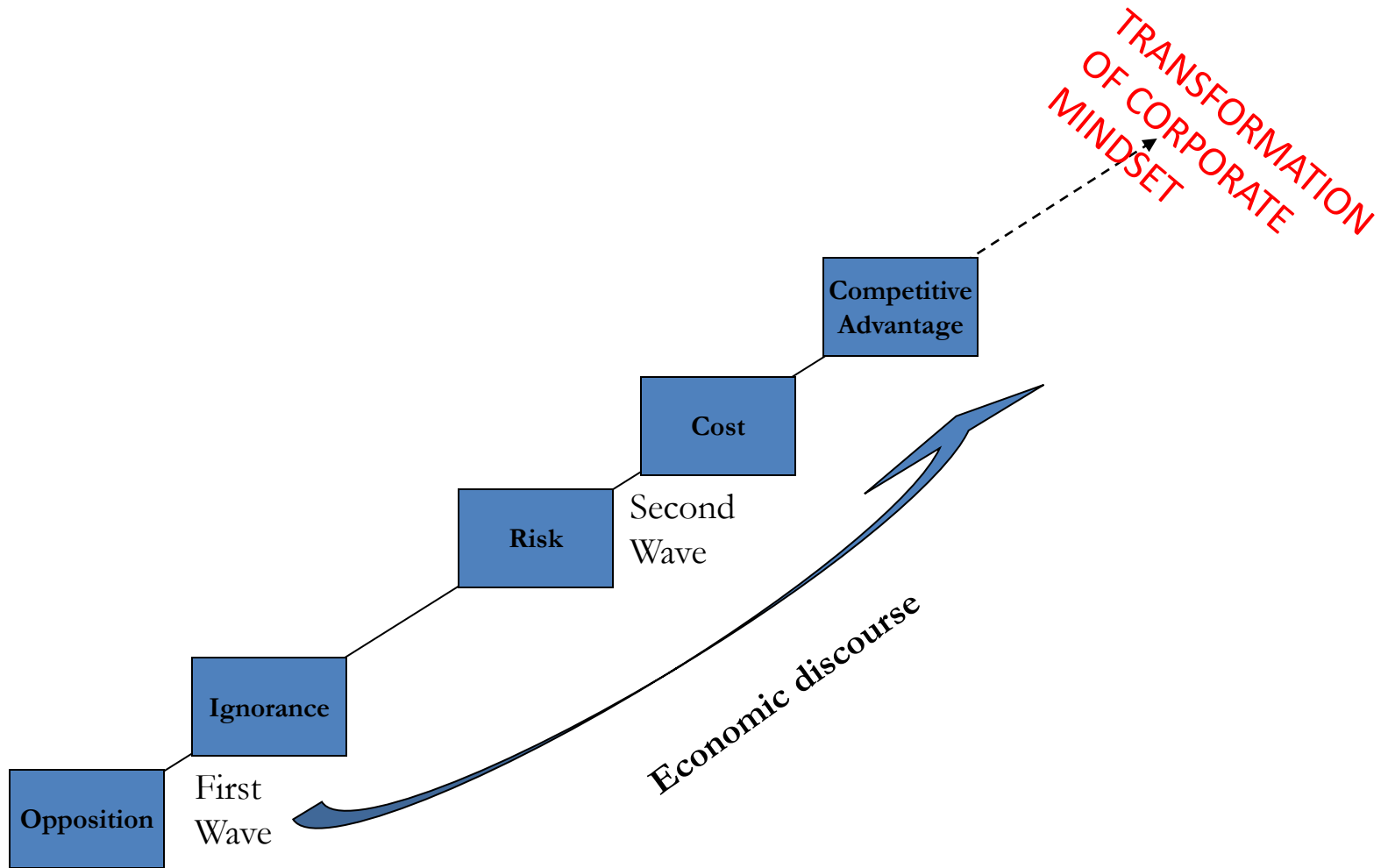
CSR landscape:

Why the business sector is more sensitive to socially responsible behaviour?

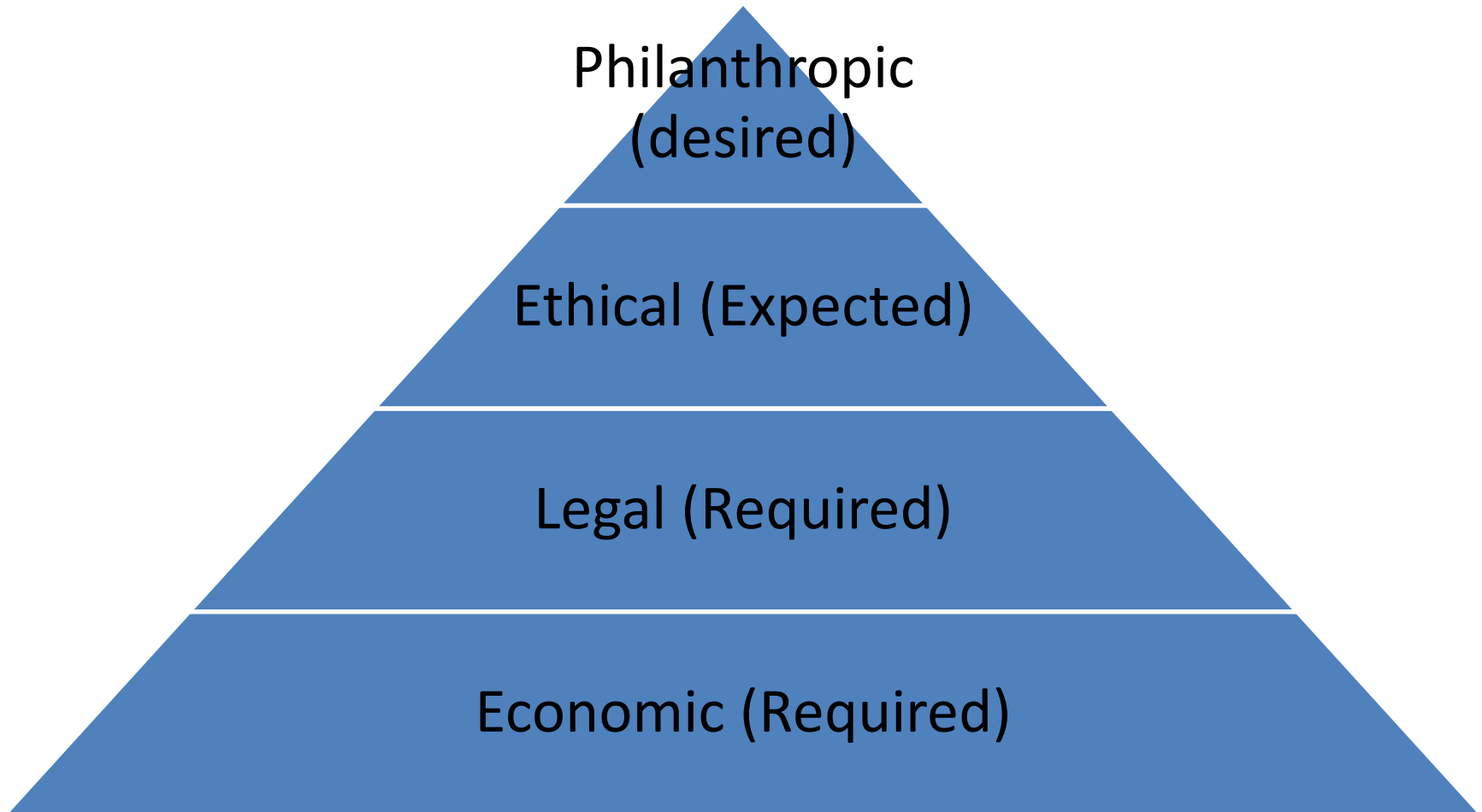- *SOCIETAL PRESSURES:* new **concerns and expectations** from customers, employees, suppliers, community groups, governments and institutional shareholders (McWilliams and Siegel, 2001).

- *GLOBALIZATION*: investors in the context of globalization and large scale **industrial change (fragmentation of production and neo-liberal public regulatory frameworks)** (Fransen, 2011).

- *COMPETITIVE ADVANTAGES* (Porter and Kramer, 2007).

- *SOCIAL CRITERIA OF INVESTMENT*: **social criteria** are increasingly influencing the investment decisions of individuals and institutions both as consumers and as investors.

- *REPUTATION & LEGITIMACY*

- *New INTERNATIONAL & NATIONAL Regulatory framework* for Responsible Investments

- *INTERNATIONAL AND NATIONAL SCRUTINY:* **transparency of business activities** brought about by the media and modern information and communication technologies.

(EU Green Paper, Campbell, 2007)

Different nuanced forms of CSR

Carroll's Pyramid of CSR (1991):

Philanthropic
(desired)

Ethical (Expected)

Legal (Required)

Economic (Required)

Nika Salvetti, MSM visiting lecturer.
EuroCham Conference 180418

New CSR Framework (Schwartz and Carroll, 2003):

Ethical

Economic

Legal
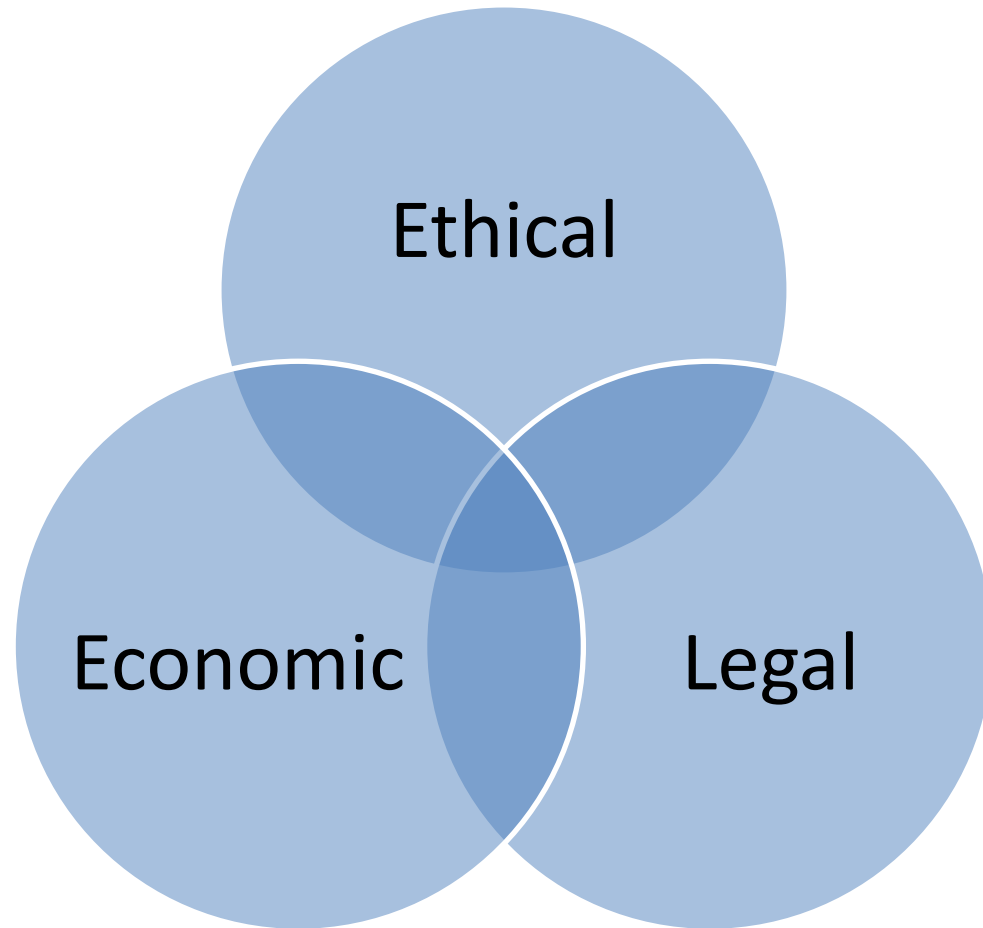
Berger et al. (2007):

1. **Social values-led model** based on ethical responsibilities of corporates and its altruistic duties.

2. **Syncretic stewardship model** that builds upon a broad, holistic view of communities, stressing the interdependence between different actors and the struggle to integrate multiple goals – both economic and non-economic

3. **Business case model of CSR** The business case approach is characterized by the assumption that any CSR effort should be legitimized by instrumental arguments towards increasing corporate profits.

EC Definition of CSR (2011):

"the responsibility of enterprises for their impacts on society", by:

➢ Respecting applicable legislation, and collective agreements between social partners;

➢ Having in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders;

➢ Aiming at:

– maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;

– identifying, preventing and mitigating their possible adverse impacts.

Formal approach to CSR:

Nika Salvetti, MSM visiting lecturer.
EuroCham Conference 180418
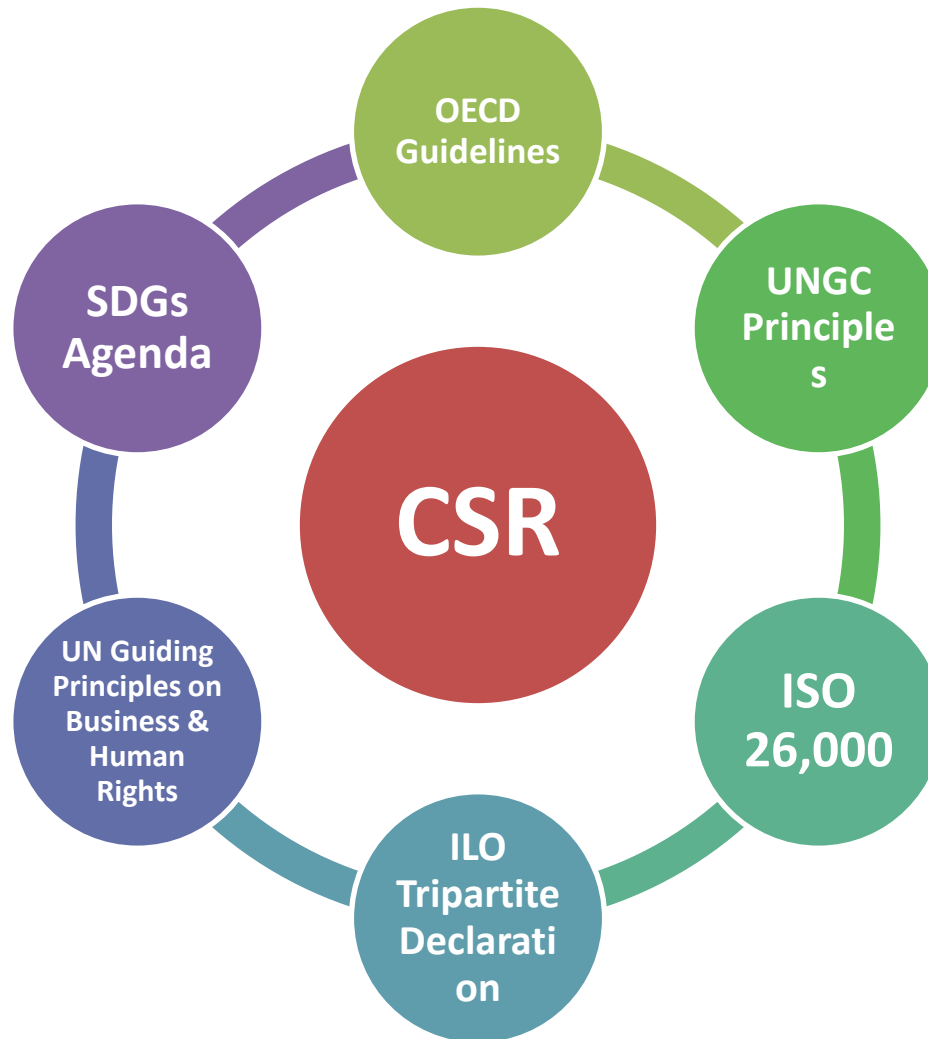
CSR is contextualized and locally shaped by multi-level factors and actors

Nika Salvetti, MSM visiting lecturer.
EuroCham Conference 180418

How to start building a coherent and integrated CSR strategy?

THE PROBLEM: "Many companies' CSR initiatives are disparate and uncoordinated, run by a variety of managers without the active engagement of the CEO. Such firms cannot maximize their positive impact on the social and environmental systems in which they operate".

THE STEPS:

1. Identification of all CSR initiatives within a company;
2. Pruning existing CSR initiatives and aligning them to company's purpose and values;
3. Developing ways of measuring CSR initiatives successes;
4. Integrating all CSR initiatives within company's processes and procedures;
5. Creating interdisciplinary management team to drive CSR strategy, that is acting interdependently within the organigramme of the company.

What does it make CSR beneficial and long lasting?

- It needs SUBSTANCE

- It has to be aligned to business values and purposes

- It requires structured and sustained policy in line with norms established in international organizations

- It has to be FINANCIALLY sustainable!

THANK YOU!

Nika Salvetti, MSM visiting lecturer.
EuroCham Conference 180418