# Definitions test

1. Define: Environmental scanning
2. Define: Feasibility
3. Define: Franchise
4. Provide term for: An organisational structure that is designed based on the activities belonging to each management function being grouped together.
5. Provide term for: Interpersonal relations in a business that are not defined by the formal organisational structure but achieved through the grapevine.
6. Define: Innovation

Introduction to
**Business
Management**
9TH EDITION

CHAPTER 5

CORPORATE SOCIAL
RESPONSIBILITY
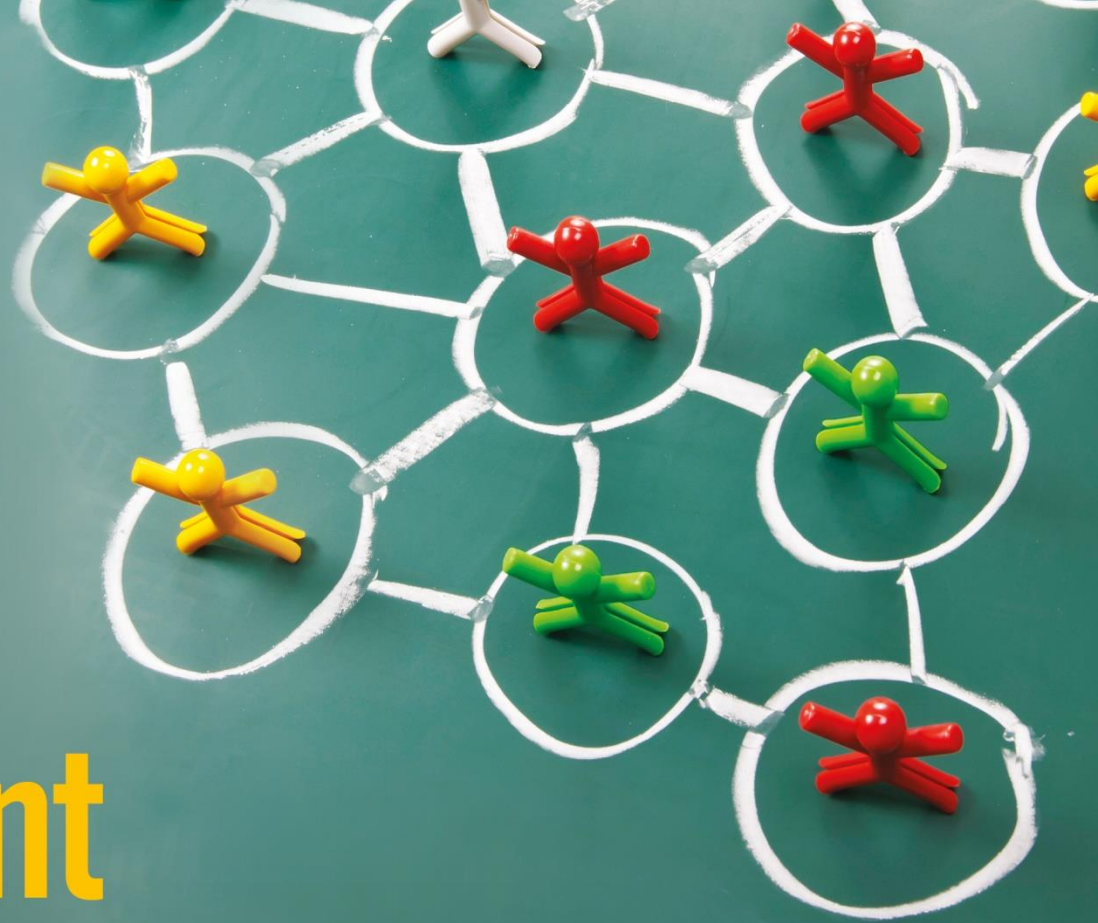
Chapter content

- Introduction
- Introducing corporate social responsibility (CSR)
- Corporate governance
- Stakeholder engagement
- Sustainable development
- Summary

Introduction

- Development and implementation of CSR is ongoing process
- Calls for vision and commitment from leadership and management
- Most medium- to large-sized corporations implement CSR
- Few companies have institutuionalised CSR

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Introducing CSR

- Companies have a responsibility for their impact on society and the natural environment

- Companies have a responsibility for the behaviour of those they conduct business with

- Businesses need to manage its relationship with wider society

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Corporate citizenship and corporate social investment

- Corporate citizenship – corporations have certain rights and responsibilities
- Corporate social investment – contribution made to society (excluding contributions made through core business activities)

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CSR in contemporary business management

- Social drivers
- Governmental drivers
- Market drivers
- Ethical drivers

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Corporate governance

- Refers to the way in which a business makes decisions about how to manage its affairs.
- CSR recognises the responsibility of corporations for their impact on society
- Is related to CSR and CSR finds expression in corporate governance

CSR finds expression in corporate governance

- Three ways in which CSR committee can determine corporate policy:
    - Values-based system
    - Stakeholder-engagement process
    - A combination of value-based and stakeholder engagement processes.

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Stakeholder engagement

- Reasons why companies engage with stakeholders:
  - Responsible companies want to understand and respond to society's expectations of a responsible company
  - Engagement is a means to help build a better relationship with all parties
  - Engagement helps provide opportunities to align business practices with societal needs and expectations, helping drive long-term sustainability and shareholder value
  - Also used to establish the corporate policy for CSR.

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Defining 'stakeholders'

- Persons or groups that affect or are affected by the business activities of company
- Impose various responsibilities
- All stakeholders are important, but degree to which they are prioritised depends on the issue and factors such as influence, knowledge and credibility
- Basic level of stakeholders:
  - Primary stakeholders
  - Secondary stakeholders.

Defining 'engagement'

- An ongoing and multi-faceted process between corporation and stakeholders:
  - Providing information
  - Capacity building to equip communities and stakeholders to effectively engage
  - Listening/responding to community and stakeholder concerns
  - Including communities and stakeholders in decision-making processes
  - Developing goodwill and better understanding of objectives and priorities
  - Establishing realistic understanding of outcomes.

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Defining 'engagement' (continued)

- Level of engagement is determined by:
  - Goals established through interaction with stakeholders
  - Mode of communication with stakeholders
  - Nature of the relationship between the company and its stakeholders
  - Engagement approach used with stakeholders.

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Principles for stakeholder engagement

- Key approaches of stakeholder engagement process:
    - Involvement
    - Candour
    - Relevance
    - Learning
    - Action.

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The stakeholder-engagement process

- Prepare – identify and understand
- Plan – set objectives
- Design – develop the engagement plan
- Engage – meet objectives
- Evaluate – assess the outcomes
- Apply – share information

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Sustainable development

- 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'
- The idea of environmental, economic and social progress and equity – within limits of the world's natural resources
- Private sector has finances, management expertise and technology to contribute towards sustainable development through CSR
- Refer to case study, p. 160

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Summary

- Corporate social responsibility and related concepts of corporate social investment and corporate citizenship
- Historic overview and discussion on social, governmental, market and ethical drivers
- Importance of CSR and policies and frameworks
- Principles and processes of stakeholder engagement
- Sustainable development