

# Knowledge capsule

## CORPORATE SOCIAL RESPONSIBILITY

### Context

Corporate social responsibility emerged mainly because of the confluence of two processes: the awareness and commitment to resolve problems that affect society, and a growing impact of businesses' activities on society in general.

Society now considers that the different players need to commit to managing and resolving problems that affect it and requires that they come up with not just the economic terms and conditions but also a range of social and environmental responsibilities.

### Corporate Social Responsibility

**What is corporate social responsibility?** Corporate social responsibility is where companies choose to integrate social and environmental concerns and the guarantee of human rights into their commercial operations, and in terms of their relationships with agents and stakeholders.

Corporate social responsibility aims to combine and reconcile an organisation's growth and economic competitiveness with a commitment to social and environmental development, so that the company's activities are aligned with sustaining its immediate surroundings.

**Who is affected by the implementation of socially responsible policies?** Formalising social responsibilities policies involves and benefits an organisation's stakeholders – that is, the people and agents that make up the company and interact with it: workers, consumers and members of the public that are affected by the activities of the company, competitors, government organisations and social agents with jurisdiction in the company's area of influence.

**What type of socially responsible policies are implemented?** Responsible companies and their workers make commitments in the areas of professional development, participation, guaranteeing equality of opportunities, and assuming responsibility for work-related health and safety.

In addition to respect for workers' constitutional, contractual and collective rights, responsible human resource management involves a commitment to promotion without discrimination on the basis of gender or race (among other things), and reconciling professional and personal/family life.

Facilitating lifelong learning of an organisation's staff is a responsible policy as is encouraging employees' professional development.

Responsibility to customers and consumers requires the company to offer maximum quality,

maximum safety and true and complete information.

The principles of quality of service or product, protecting vulnerable target groups, and open dialogue with individual customers are the key elements of corporate responsibility to consumers.

Respect for industry codes and declarations in the area of advertising and marketing ethics forms part of a company's responsible management.

Social responsibility strategies also cover relationships with government organisations and competitors.

Corporate Social Responsibility involves a relationship of trust and cooperation with regards to government organisations as well as a positive attitude towards complying with regulations.

Loyal competition and contractual transparency are basic principles of trading law and commercial ethics.

Responsible corporate management also affects suppliers. A company's commitment to supplier organisations goes beyond good contractual faith.

A commitment to suppliers is a commitment to stability of employment and to the continuity of small businesses, whose continuity may depend on the commercial relationships that the company establishes.

Therefore, socially responsible companies have a commitment to their immediate social environment.

Companies, as players in the local area's sustainability, can make it a priority to recruit people that live nearby geographically.

Respect for the environment is also an important part of corporate social responsibility.

Socially responsible companies apply economic models of growth that are environmentally sustainable. They research and apply efficient models of production that respect the environment, and apply appropriate corrective measures to avoid or minimise the impact of their activity and their products.

**When is a company ready to implement a social responsibility strategy?** Implementing and managing a social responsibility strategy is a decision that is made by the company's executive team. Key to the success of this strategy is the executive team raising awareness about the

importance of implementing social and environmental policies.

In addition, any company that decides to implement a Corporate Social Responsibility plan must have a culture in which corporate values have been developed in accordance with the principles that govern corporate social responsibility. Only if the objectives, strategy and values of a company are agreed will attitudes be formed that encourage and promote responsible management.

**What are the benefits of companies employing responsible management techniques?** Implementing a social responsibility plan offers a source of competitive advantage for the company and is a strategic factor in its business success, reflected both within and outside the organisation.

- ✓ Internal advantages include:
  - Staff identifying with the company's strategy.
  - Generating loyalty among staff.
  - Improved internal communication.
  - Improved working environment.
  - Promoting the company's philosophy and values.
  
- ✓ External advantages include:
  - Raising loyalty among customers.
  - Communication flow with the company's external stakeholders.
  - Improved corporate image and credibility.
  - Promoting sustainability (both economic and environmental) of the local area.

## Conclusions

- Corporate social responsibility aims to align a company's financial and commercial objectives with the economic, social and environmental sustainability of its area of influence.
- Responsible management involves and affects staff, suppliers, customers, partners, the local area, and the environment.
- Implementing a social responsibility plan offers companies a competitive advantage while also benefiting all of their stakeholders.

## Key concepts

**Corporate social responsibility:** (corporate or organisational social responsibility). A voluntary commitment on behalf of a company to the environment and society in which it operates.

**Corporate culture:** The set of values, norms, customs, patterns of behaviour and beliefs that guide the actions of an organisation and which must be assumed and shared by all of its members.

**Stakeholders:** The groups of people that are affected by a company's actions: staff, customers and consumers, suppliers, local government organisations and the immediate social surroundings.

**Social action:** An initiative through which a company supports social objectives. Social actions are different from social responsibility: whereas a social action pursues an objective outside the company, social responsibility aims to align the objectives of the company with the objectives of its area of activity. A social action might form part of a corporate social responsibility plan.

**Ethical banking:** (Ethical financing or socially responsible investment). Investments that combine ethical and financial objectives. Financing of activities that have a social positive impact.

### Bibliography

Camacho, Idefonso; Fernández, José L.; Miralles, Josep (2002) Corporate Ethics. Bilbao: Desclée De Brouwer SA.

Costa, Jordi (2004) Beyond Despicable Salaries. Barcelona: Granica.

Perdiguero, Tomás G. (2003) Corporate Social Responsibility in a Global World. Barcelona: Anagrama.

### Webography

**Forética. Organisational Management of Social Responsibility:**

<http://www.foretica.es/>

**Business and Company Foundation:**

<http://www.empresaysociedad.org/feys/es>

**Responsible Media**

<http://www.empresaresponsable.com/>

**Observatory of Corporate Social Responsibility:**

<http://www.observatoriorsc.org/>

### Webography for Human Capital

We offer a number of options within the Human Capital website to provide you with more information about corporate social responsibility:

[\*Market > New Working Cultures > Organisational Models/Business Management\*](#)

Use the SEARCH FACILITY for a more complete list of resources: books, articles and useful links. It's very easy - simply open up SEARCH and enter a keyword.