Concept for presentations in Corporate Social Responsibility

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1 IDEA

- Comparison of CSR activities in various companies with focus on Banking as well as Retail Industry (see table 1)
- The identified CSR activities are ranked according to their importance/priority (see table 2)

2 STARTING POINT

CSR-activities are often fragmented from the daily business and the strategy of a company

BUT: Debates about CSR have moved all the way into corporate boardrooms. In 2005, 360 different CSR-related shareholder resolutions were filed on issues ranging from labor conditions to global warming.

3 RETHINKING

The fact is, the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society.

If, instead, corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage.

Corporate success and social welfare as a zero-sum game.

Pending legislation in the UK, for example, would require every publicly listed company to disclose ethical, social, and environmental risks in its annual report.

These pressures clearly demonstrate the extent to which external stakeholders are seeking to hold companies accountable for social issues and highlight the potentially large financial risks for any firm whose conduct is deemed unacceptable.

The most common corporate response has been neither strategic nor operational but cosmetic

4 STAKEHOLDERS AND CSR INITIATIVES (BASED ON AVAILABLE PUBLICATIONS) (TABLE 1)

<table>
<thead>
<tr>
<th>NR.</th>
<th>STAKEHOLDER</th>
<th>INITIATIVES</th>
<th>CATEGORY (SEE TABLE 2)</th>
<th>PERFORMANCE (EVALUATION)</th>
<th>DISCUSSION</th>
</tr>
</thead>
</table>
| 1.  | Employees    | ■ Employee shareholding program
      | ■ ...       | ■ ...                     | ■ ...                   |            |
## 5 AIMS AND AGENDA

### 5.1 AIMS

- CSR as a source of possibilities, innovations and competitive advantage
- Focus on CSR activities which are really important for the respective company
- Category generic social issue (social issues that are not significantly affected by a company’s operations nor materially affect its long-term competitiveness)
- Category value chain social impact (Social issues that are significantly affected by a company’s activities in the ordinary course of business)
- Category social dimension of competitive context (Social issues in the external environment that significantly affect the underlying drivers of a company’s competitiveness in the locations where it operates)
- Every company will need to sort social issues into these three categories for each of its business units and primary locations, then rank them in terms of potential impact.
- Into which category a given social issue falls will vary from business unit to business unit, industry to industry, and place to place

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<td>Environment</td>
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5.2 **Examples (out of Porter/Kramer (2006))**

- Supporting a dance company may be a generic social issue for a utility like Southern California Edison but an important part of the competitive context for a corporation like American Express, which depends on the high-end entertainment, hospitality, and tourism cluster.

- Carbon emissions may be a generic social issue for a financial services firm like Bank of America, a negative value chain impact for a transportation-based company like UPS, or both a value chain impact and a competitive context issue for a car manufacturer like Toyota.

- The AIDS pandemic in Africa may be a generic social issue for a U.S. retailer like Home Depot, a value chain impact for a pharmaceutical company like GlaxoSmithKline, and a competitive context issue for a mining company like Anglo American that depends on local labor in Africa for its operations.

- Even issues that apply widely in the economy, such as diversity in hiring or conservation of energy, can have greater significance for some industries than for others. Health care benefits, for example, will present fewer challenges for software development or biotechnology firms, where workforces tend to be small and well compensated, than for companies in a field like retailing, which is heavily dependent on large numbers of lower-wage workers.

- Within an industry, a given social issue may cut differently for different companies, owing to differences in competitive positioning. In the auto industry, for example, Volvo has chosen to make safety a central element of its competitive positioning, while Toyota has built a competitive advantage from the environmental benefits of its hybrid technology.

- For an individual company, some issues will prove to be important for many of its business units and locations, offering opportunities for strategic corporatwide CSR initiatives.

5.3 **Categories (Table 2)**

<table>
<thead>
<tr>
<th>POSITION-NR. (PRIORITY)</th>
<th>GENERIC SOCIAL ISSUES</th>
<th>VALUE CHAIN SOCIAL IMPACTS</th>
<th>SOCIAL DIMENSIONS OF COMPETITIVE CONTEXT</th>
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### 5.4 Agenda

![Corporate Involvement in Society: A Strategic Approach](image)

Illustration out of Porter/Kramer (2006)
Aim is a strategic CSR agenda

Responsive vs Strategic CSR

Responsive CSR

Good citizenship is a sine qua non of CSR, and companies need to do it well. Many worthy local organizations rely on corporate contributions, while employees derive justifiable pride from their company’s positive involvement in the community.

Mitigating the harm arising from a firm’s value chain activities—is essentially an operational challenge. Because there are a myriad of possible value chain impacts for each business unit, many companies have adopted a checklist approach to CSR, using standardized sets of social and environmental risks. The Global Reporting Initiative, which is rapidly becoming a standard for CSR reporting, has enumerated a list of 141 CSR issues, supplemented by auxiliary lists for different industries.

Strategic CSR

For any company, strategy must go beyond best practices. It is about choosing a unique position—doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs. These principles apply to a company’s relationship to society as readily as to its relationship to its customers and rivals.

Strategic CSR involves both inside-out and outside-in dimensions working in tandem. It is here that the opportunities for shared value truly lie.