Obligation and Responsibility

Obligation is something you should do because it's right. You don't necessarily choose it, or you chose something at some time and now have to follow up with action. An example would be the obligation of a parent to care for a child or a doctor to care for a patient.

Responsibility is something you take upon yourself. It is followed by obligation. For example, you take on the responsibility of managing employees. It is then followed by the obligation to make sure you are giving the tools they need to succeed, finding out what's holding them back of their performance doesn't seem up to par, and holding them accountable for slacking off.

In many ways they are the same thing, but the *"angle"* is slightly different. Responsibilities are more intrinsic, as opposed to obligations. The latter, I think, is more something you have towards your environment, society,... surrondings basically. Allow me to explain why I see it like this:

If you have children, you are responsible for them, and therefore, you have the moral obligation to take care of them to the best of your abilities. Note that *you are responsible* and this results in an obligation (in this case, a moral one). Equally so, taking good care of your kids means good education, which in turn results in your being obligated to get them ready for school, help them if they need help, and, of course, pay for the tools the need (books, bills and the like)
In that respect, responsibilities are somewhat intrinsic to life: you are responsible for your own health and well-being (eg: smoking is being somewhat irresponsible / reckless towards your own health).

If you are a smoker and have kids, I'd say you are obligated to smoke outside of the house, in order not to damage their health.

Your responsibilities are yours, but they result in obligations towards both yourself and your environment, or even society.

Sure, you might be *given* responsibilities. At work, or by people you care about, but these situations suppose a contract of sorts: a social or legally binding contract, which implies, in turn *obligations*. Basically: Responsibility and Obligation *"go together like Horse and carriage, love and marriage"*: you can't have one without the other.
The inverse applies here, too: you are obliged to obey the law, if you don't, that causes harm to the society. If you get caught, and appear in front of a judge, you'll be held accountable for your actions (you are responsible for your actions, if you're a sane person).

So, a responsibility is something *you* can be held accountable for. How much you actually take responsibility for things, is evident from how you deal with your resulting obligations.

Corporate Social Responsibility (CSR)

Definition

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

To engage in CSR means that, in the ordinary course of business, a company is operating in ways those enhance society and the environment, instead of contributing negatively to them.

Understanding Corporate Social Responsibility (CSR)

Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands.

As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations; boost morale; and help both employees and employers feel more connected with the world around them.

KEY TAKEAWAYS

- Corporate social responsibility is important to both consumers and companies.
- Starbucks is a leader in creating corporate social responsibility programs in many aspects of its business.
- Corporate responsibility programs are a great way to raise morale in the workplace.

For a company to be socially responsible, it first needs to be accountable to itself and its shareholders. Often, companies that adopt CSR programs have grown their business to the point where they can give back to society. Thus, CSR is primarily a strategy of large corporations. Also, the more visible and successful a corporation is, the more responsibility it has to set standards of ethical behavior for its peers, competition, and industry.

Small-and-mid-sized businesses also create social responsibility programs, although their initiatives are not often as well-publicized as larger corporations.

Example of Corporate Social Responsibility

Long before its initial public offering (IPO) in 1992, Starbucks was known for its keen sense of corporate social responsibility, and commitment to sustainability and community welfare. According to the company, Starbucks has achieved many of its CSR milestones since it opened its doors. As per its 2018 "Global Social Impact Report," these milestones include "reaching 99% of ethically sourced coffee, creating a global network of farmers, pioneering

green building throughout its stores, contributing millions of hours of community service, and creating a groundbreaking college program for its partner/employees."

Starbucks' goals for 2020 and beyond include hiring 10,000 refugees across 75 countries, reducing the environmental impact of its cups, and engaging its employees in environmental leadership. Today there are many socially responsible companies whose brands are known for their CSR programs, such as Ben & Jerry's ice cream and Everlane, a clothing retailer.

Special Considerations

In 2010, the International Organization for Standardization (ISO) released a set of voluntary standards meant to help companies implement corporate social responsibility. Unlike other ISO standards, ISO 26000 provides guidance rather than requirements because the nature of CSR is more qualitative than quantitative, and its standards cannot be certified.

Instead, ISO 26000 clarifies what social responsibility is and helps organizations translate CSR principles into practical actions. The standard is aimed at all types of organizations, regardless of their activity, size, or location. And, because many key stakeholders from around the world contributed to developing ISO 26000, this standard represents an international consensus.

Four Types of Corporate Social Responsibility

The four types of Corporate Social Responsibility are environmental sustainability initiatives, direct philanthropic giving, ethical business practices and economic responsibility.

Environmental Sustainability Initiatives

Environmental sustainability initiatives enacted by businesses generally focus on two main areas: limiting pollution and reducing greenhouse gases. As the awareness of environmental issues grows, businesses that take steps to reduce air, land and water pollution can increase their standing as good corporate citizens while also benefiting society as a whole. For example, Cisco Systems, a multinational technology company, has taken a variety of steps to reduce its carbon footprint, including the installation of photovoltaic systems at production facilities and developing platforms that allow employees to work from remote locations rather than commuting to the office.

Direct Philanthropic Giving

Philanthropic initiatives include the donation of time, money or resources to charities and organizations at local, national or international levels. These donations can be directed to a variety of worthy causes including human rights, national disaster relief, clean water and education programs in underdeveloped countries. For example, Microsoft co-founder Bill Gates has donated billions of dollars to the Bill and Melinda Gates Foundation, which supports numerous causes including education, the eradication of malaria and agricultural

development. In 2014, Bill Gates was the single largest giver in the world, donating $1.5 billion in Microsoft stock to the Bill and Melinda Gates Foundation.

Ethical Business Practices

The primary focus on ethics is to provide fair labor practices for businesses' employees as well as the employees of their suppliers. Fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labor practices for suppliers include the use of products that have been certified as meeting fair trade standards. For example, Ben and Jerry's Ice Cream uses fair trade-certified ingredients like sugar, cocoa, vanilla, coffee and bananas.

Focus on Economic Responsibility

Economic responsibility focuses on practices that facilitate the long-term growth of the business, while also meeting the standards set for ethical, environmental and philanthropic practices. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering the cost of materials and also benefit society by consuming fewer resources.
Sustainability and corporate social responsibility initiatives will continue to be prevalent in years to come.

The Differences Between Corporate Governance & Corporate Social Responsibility

Corporate governance and corporate social responsibility are actually quite different business concepts. They have become much more closely linked in the early 21st century, however, due to increased focus on balancing business profits with responsible operations. In fact, the definition of corporate governance has evolved over time to include core aspects of CSR.

Corporate Governance Basics

Corporate governance was historically defined as the systems and processes used by a corporation to make certain that operations are optimized to produce the best financial results for shareholders and other company financiers. Today, though, the definition has evolved to cover much a much broader spectrum. Essentially, it describes the expectation that companies balance shareholder interests with other stakeholder needs, including the needs of customers, suppliers, employees, financiers, managers, government and the community. Laws such as the Sarbanes-Oxley Act have put pressure to hold companies accountable for actions affecting their finances, recognizing that errors can affect all of these stakeholder groups.

The inclusion of "community" in the list of stakeholders means that company boards have routinely incorporated social and environmental responsibility into corporate guidelines.

Convergence with Corporate Social Responsibility

There continues to be a debate surrounding to what extent corporations should feel compelled to include other stakeholder interests within the corporate governance system — are all stakeholders created equal? Some companies still hold to long-held beliefs that their primary responsibility as publicly owned companies is to maximize shareholder value. Others believe that by balancing social and environmental responsibility with profits, long-term viability and success will be even greater. These companies tend to be more heavily involved with CSR initiatives than purely profit-driven enterprises.

Corporate Social Responsibility Basics

CSR has evolved largely in the early 21st century from basic standards of business ethics. It has taken simple concepts of honesty and transparency and added other expectations for companies to act in ways that benefit the environment and society. Some examples of CSR in practice include a technology company choosing to use sustainable materials to make its packaging and a bank that allows its workers to volunteer a day a month at a local charity while being paid their usual wages. To provide good financial results while also considering CSR, it is important for companies to balance the interests of customers, communities, business partners and employees with those of shareholders, to meet public requirements for CSR compliance.

Overall Business Results

Actual business results of the common convergence of corporate governance and social responsibility are hard to measure. Company leaders don't always see tangible profits from responsible behavior, although there are intangible benefits. Therefore, companies should include responsible behavior in their corporate governance to do the right thing and to experience long-term indirect benefits of better community relations, an improved company image to attract investors and customers, more engaged employees and the avoidance of public backlash.