

Introduction to CSR

Dr. Farah Naz

Defining CSR

- Corporate activities which are socially responsible and the one that are not socially responsible
- What should be relationship between, global corporations, governments of countries and individual citizens
- Relationship between corporation and society in which it resides
- Relationship between corporation and its stakeholders

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Business Responsibilities

- Economic
- Legal
- Social /Voluntary

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CSR (S. Prakash Sethi)

- Social Obligations
- Social Responsibility
- Social Responsiveness

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Stakeholders

What is Stakeholder?

An individual, group or organization affected by the activities of business organization

Class Activity:

Identify the stakeholders in *Ugly face of Beauty*

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Question

- How to ensure socially responsible behaviour?
- Should there be a social contract between corporations and society?
- What is social contract?
- Should corporations be controlled through increased regulations?

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Corporate Social Responsibility

Corporate social responsibility (CSR) is how companies manage their business processes to produce an overall positive impact on society. It covers sustainability, social impact and ethics, and done correctly should be about core business - how companies make their money - not just add-on extras such as philanthropy.

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The four-part definitional framework for CSR

"Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time" (Carroll 1979, 1991).

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Carroll's CSR Pyramid – The Four "Responsibilities"



Social Contract

□ (Donaldson, 1982; Donaldson and Dunfee, 1999) –

There is a tacit social contract between the firm and society; the contract bestows certain rights in exchange for certain responsibilities.

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Stakeholder Theory (Freeman, 1984)

A stakeholder is "any group or individual who can affect or is affected by the achievement of an organisation's purpose." Argues that it is in the company's strategic interest to respect the interests of all its stakeholders.

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Capitalism & Freedom

"There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Milton Friedman, 1970)

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Is CSR is Conditional

- Concept is contested
- Everyone is not on same page
- Whether and how a firm chooses to adopt Corporate Social Responsibility (CSR) initiatives is conditional in part upon the domestic political institutional structures present in its home market.
- It demonstrates that economic globalization has increased the pressure applied to companies to develop CSR policies that might help overcome specific governance gaps associated with the globalization phenomenon.

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The Effects of Organizational Activities

- Utilization of natural resources
- Local competition
- Creation of employment opportunities
- Transformation of landscape
- Distribution of wealth between Labour and owner
- Climate change

Class Activity

- Identify potentially damaging effects of business activity in *Ugly Face of Beauty*

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The Principles of CSR

1. Sustainability; Effect of our current action on future generations
2. Accountability;
3. Transparency

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