

FIFTH INTERNATIONAL WEEK

INTERCUL
TURALITY



Faculty of Business Studies • University of León • Campus de Vegazana

Cross-cultural Corporate Social Responsibility

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OUTLINE

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2. CSR also Known as...
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4. CSR in Equation Form ...
5. Reasons for CSR Activities
6. Integrate CSR Globally
7. Business Ethics Development
8. Emergence of a Global Business Ethic
9. Cross-cultural attitudes to CSR
10. Managing Ethical Behaviour Across Borders
11. Approaches to Managing Social Responsibility
12. CSR Business Responsibilities in the 21st Century



1. Corporate Social Responsibility [CSR]

CSR is a concept that has attracted worldwide attention and acquired a new resonance in the global economy.

The impact of a company's actions on society.

Requires a manager to reflect his acts in terms of a whole social system, and holds him responsible for the effects of his acts anywhere in that system.



1. Corporate Social Responsibility [CSR]

European Union:

“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”



1. Corporate Social Responsibility [CSR]

European Union:

In Europe the CSR debate emerged later, in 1993, with the appeal made by Jacques Delors at the time when he was President of the European Community Commission (COM), to company's social intervention, which had a good acceptance (COM, 2001).



1. Corporate Social Responsibility [CSR]

European Union:

In 2001 the COM launched the “Green Paper” aiming to promote a European framework for CSR and considering that CSR could contribute to achieve the goal set at the European Council of Lisbon 2000: European economy becoming the world’s most dynamic and competitive, based on knowledge and setting the basis for a sustainable development (COM, 2001).



1. Corporate Social Responsibility [CSR]

World Business Council for Sustainable Development (WBCSD):

“We define CSR as business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life”.



1. Corporate Social Responsibility [CSR]

Analysis of the definition by the WBCSD:

- Expectation of stakeholders that companies should behave ethically;
- Expectation that business should contribute to economic development;
- Expectation that business should improve the quality of life of its workforce and their families;
- Expectation that business should play active part in the improvement of the society.



1. Corporate Social Responsibility [CSR]

Business for Social Responsibility (BSR):

More generally, CSR is a set of management practices that ensures the company maximizes the positive impacts of its operations on society or “operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business.”



1. Corporate Social Responsibility [CSR]

Common Understanding

CSR is an idea whereby companies integrate economic, social and environmental concerns in their business operations.



1. Corporate Social Responsibility [CSR]

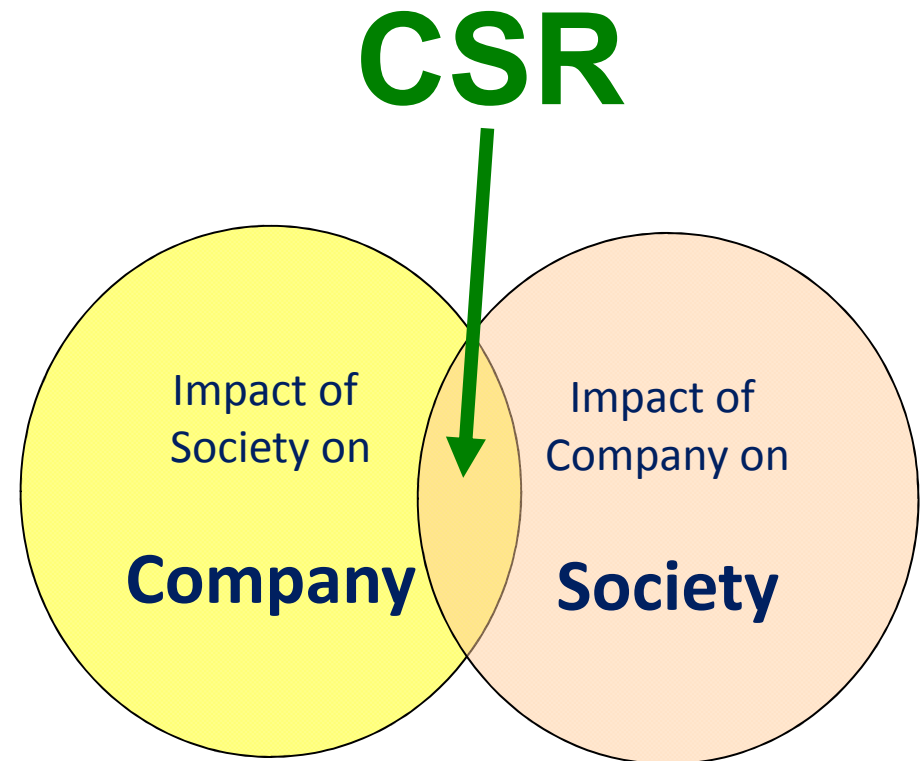
Arguments for CSR

- Not just profits!
- Power vs Responsibility;
- Stakeholder relations;
- Ethical obligations;
- Better environment;
- Public expectations;
- ...

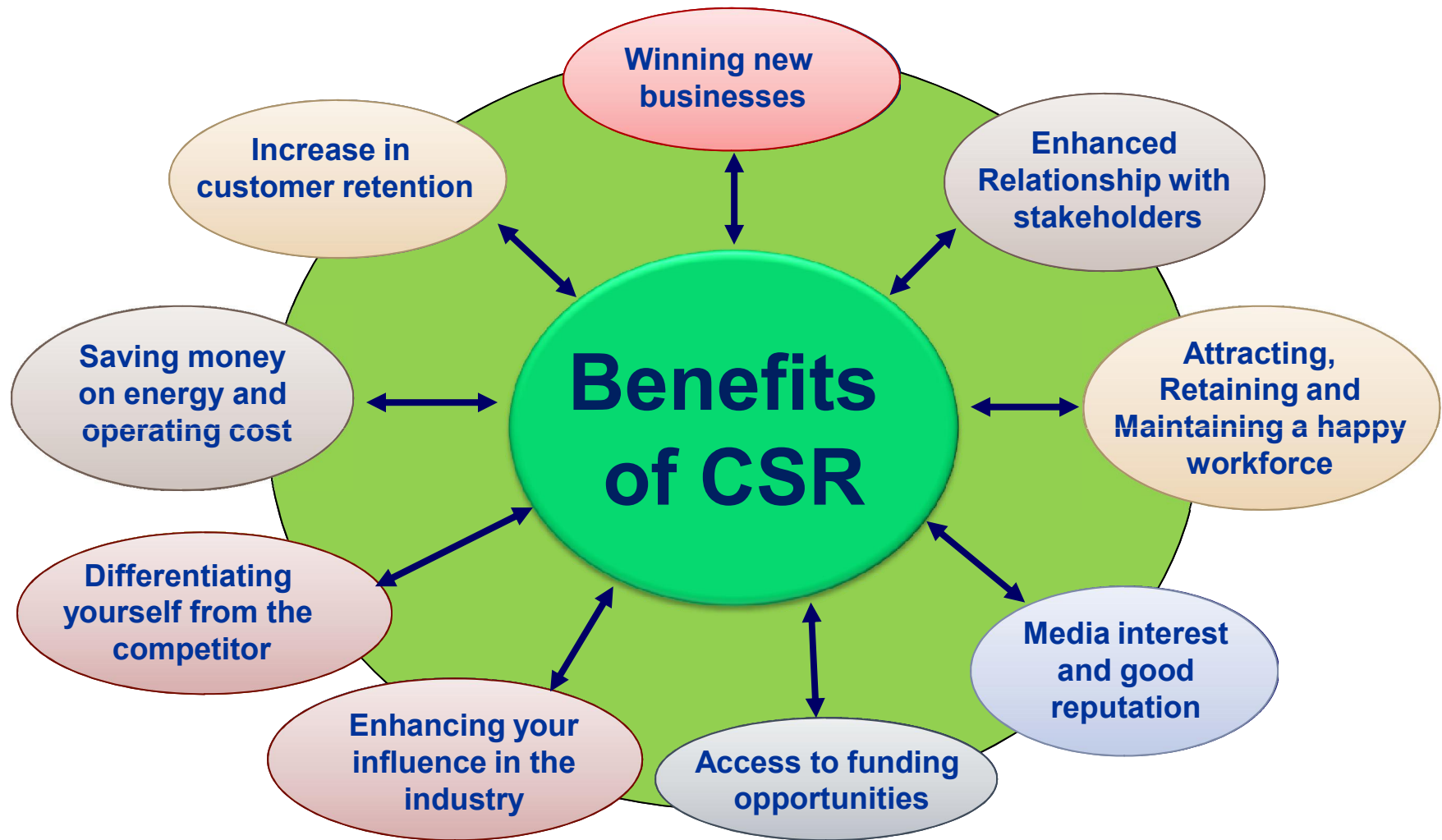


2. CSR also Known as...

- . Sustainable Development
- . Corporate Citizenship
- . Triple Bottom Line
- . Business Ethics
- . Sustainable Business Practices



3. Benefits of CSR...



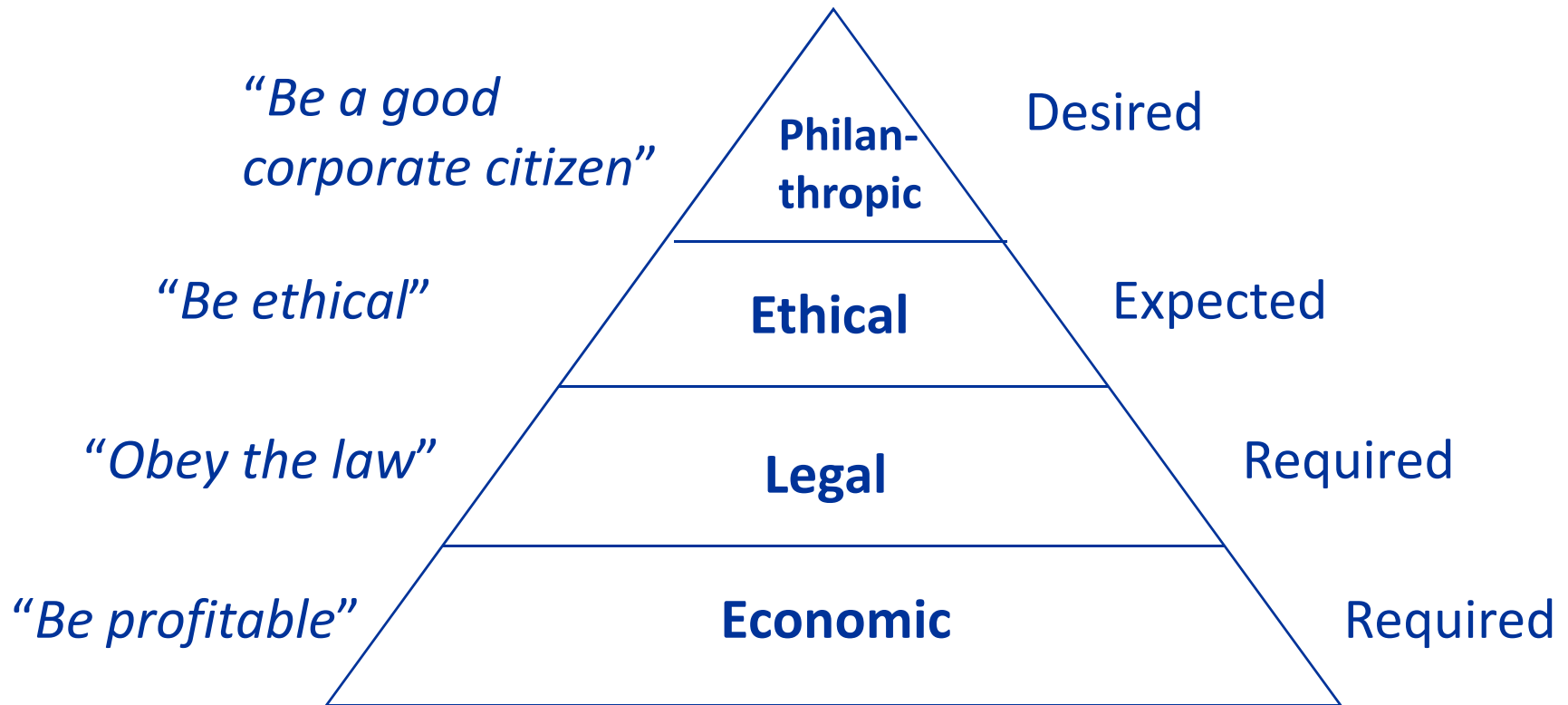
4. CSR in Equation Form ...

CSR in Equation Form Is the Sum of (Carroll, 1991):

- . Economic Responsibilities (Make a profit).
- . Legal Responsibilities (Obey the law).
- . Ethical Responsibilities (Be ethical).
- . Philanthropic Responsibilities (Good corporate citizen).

4. CSR in Equation Form ...

A hierarchy of Corporate Social Responsibilities (Carroll, 1991).



4. CSR in Equation Form ...

Choosing “moderate strategy”

Businesses need to balance economic, legal, and social responsibilities **in order to achieve long-run success.**

More generally, there is a often a relationship between good social and good financial performance.

5. Reasons for CSR Activities

- ✓ CSR activities are important to and even expected by the public,
 - And they are easily monitored worldwide;
- ✓ CSR activities help organizations hire and retain the people they want;
- ✓ CSR activities contribute to business performance.

6. Integrate CSR Globally

- ✓ Incorporate values to make it part of an articulated belief system
- ✓ Act worldwide on those values
 - Cause-related marketing
 - Cause-based cross sector partnerships
- ✓ Engage with stakeholders
 - Primary stakeholders
 - Secondary stakeholders

7. Business Ethics Development

- The cultural context influences organizational ethics;
- Top managers also influence ethics;
- The combined influence of culture and top management influence organizational ethics and ethical behaviours.

8. Emergence of a Global Business Ethic

- ✓ Growing sense that responsibility for righting social wrongs belongs to all organizations;
- ✓ Growing business need for integrative mechanisms such as ethics,
 - Ethics reduce operating uncertainties,
 - Voluntary guidelines avoid government impositions;
- ✓ Ethical conduct is needed in an increasingly interdependent world
- everyone in the same game;
- ✓ Companies wish to avoid problems and/or be good public citizens.

9. Cross-cultural attitudes to CSR

Globalization has brought a culmination of different cultures, which has in turn created a cultural mosaic at the workplace.



CSR aims at creating a positive environment by focusing on the well being of the community and Stakeholders as well.

9. Cross-cultural attitudes to CSR

Cross-cultural attitudes to CSR relate to the notion that the expectations and orientations of different stakeholders - such as consumers - with regard to CSR are not universal but can differ across borders, that is, from one (national) culture to the next.

9. Cross-cultural attitudes to CSR

The increasing global nature of the marketplace calls for business



persons to interact with others who come from different countries,



with different cultures,



and perhaps with different expectations regarding the corporation's place in society.

9. Cross-cultural attitudes to CSR

- Today's business environment is increasingly multicultural.
- Successful organizations of any size often work with people and firms from other parts of the world, often with very different cultures.
- Culture is principally viewed as the fundamental system of meanings shared by members of a specific society.

9. Cross-cultural attitudes to CSR

- ✓ Different cultures will emphasize different values;
- ✓ What is important to one culture at one time may not be important to another culture or even to the first culture at some time in the future.

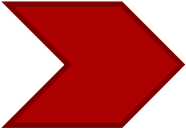


These values may affect both the role institutions assume within society and what society expects of those institutions.

If values are different across cultures, these differences in values certainly should be reflected in attitudes toward CSR.

9. Cross-cultural attitudes to CSR

One important part of cross-cultural and international ethics is the treatment of employees by the organization:



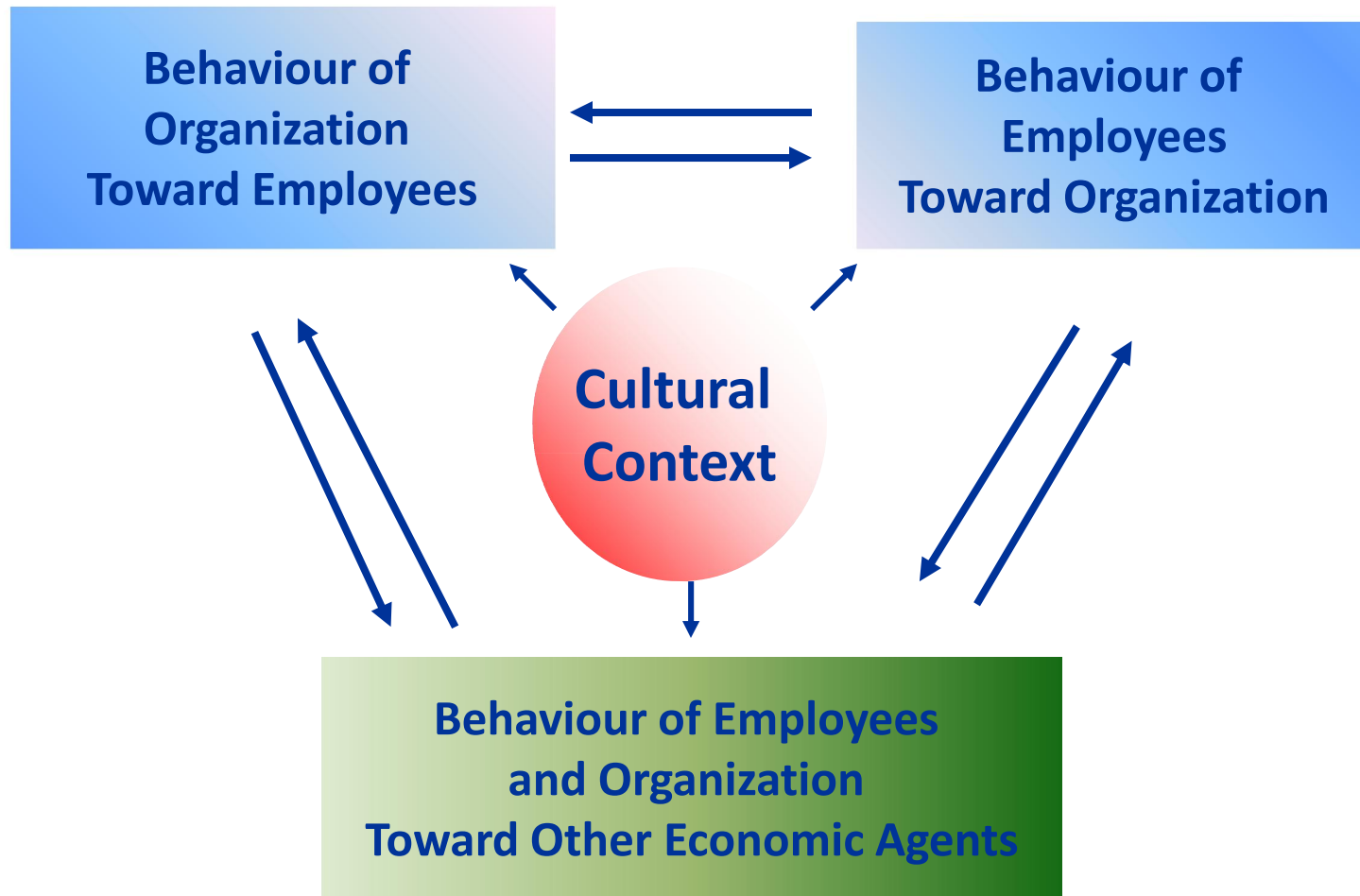
an organization can strive to hire the best people, to provide ample opportunity for skills and career development, to provide appropriate compensation and benefits, and to generally respect the personal rights and dignity of each employee.



a firm can hire using prejudicial or preferential criteria, can intentionally limit development opportunities, can provide the minimum compensation allowable, and can treat employees callously and with little regard to personal dignity.

9. Cross-cultural attitudes to CSR

Ethics in a Cross-Cultural Context

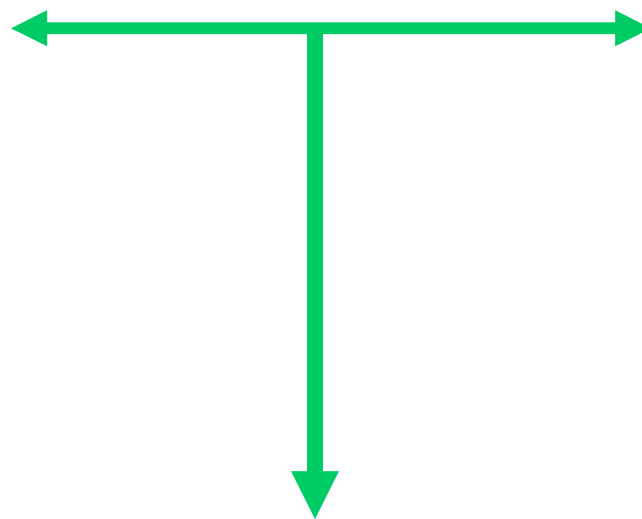


9. Cross-cultural attitudes to CSR

Spectrum of Effects

Free Trade

- Jobs migrate
- Low wages
- Poor conditions



No Trade

- Fewer jobs in developing countries
- Higher prices
- Fewer products

How?

Code of Ethics

10. Managing Ethical Behaviour Across Borders

Guidelines or codes

Ethics training

Organizational practices

Corporate culture

10. Managing Ethical Behaviour Across Borders

Guidelines or codes

- ✓ Many large multinationals, including Toyota, Siemens, Johnson & Johnson, ..., have written guidelines that detail how employees are to treat suppliers, customers, competitors, and other constituents. Others have developed formal **codes of ethics** - written statements of the values and ethical standards that guide the firms' actions.

Ethics training

- ✓ Some multinational corporations address ethical issues proactively, by offering employees **training** in how to cope with ethical dilemmas.

10. Managing Ethical Behaviour Across Borders

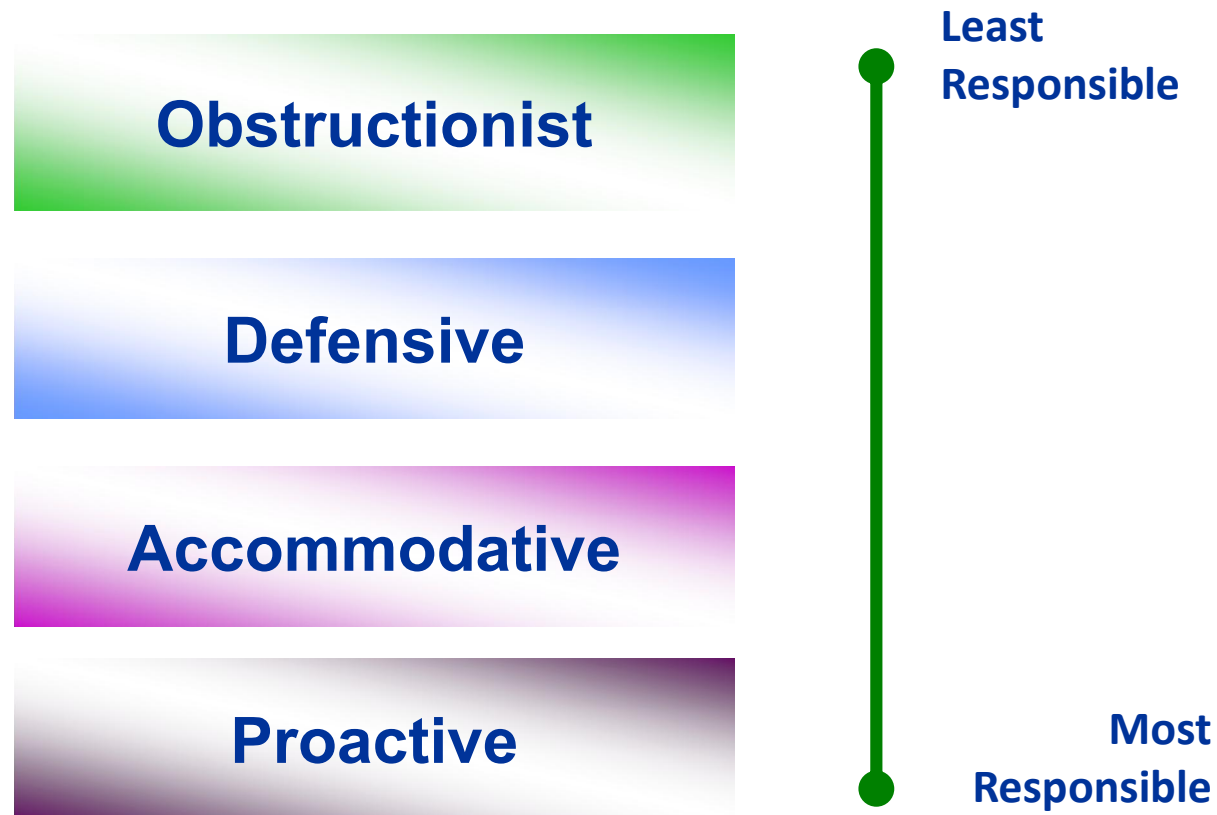
Organizational practices

Corporate culture

Organizational practices and the **corporate culture** also contribute to the management of ethical behaviour. If the top leaders in a firm behave in an ethical manner and violations of ethical standards are promptly and appropriately addressed, then everyone in the organization will understand that the firm expects them to behave in an ethical manner - to make ethical decisions and to do the right things. But if top leaders appear to exempt themselves from ethical standards or choose to ignore or trivialize unethical behaviours, then the opposite message is being sent.

11. Approaches to Managing Social Responsibility

Firms generally adopt one of four different basic approaches to social responsibility. The four positions that an organization can take concerning its obligations to society, as shown in Figure, fall along a continuum ranging from the lowest to the highest degree of socially responsible practices.



11. Approaches to Managing Social Responsibility

Obstructionist

- Do as little as possible to address social or environmental problems
- Deny or avoid responsibility
- Examples: Astra; Nestle; Danone, ...

Defensive

- Do what is required legally, but nothing more
- Corporate responsibility is to generate profits
- Example: Philip Morris, ...

11. Approaches to Managing Social Responsibility

Accommodative

- Meet ethical and legal requirements and more
- Agree to participate in social programs
- Match contributions by employees
- Respond to requests from nonprofits
- No proactive behaviour to seek such opportunities
- Example: VodaPhone, an African telecommunications company, for example, sponsors a youth cricket league in Pretoria, South Africa, ...

11. Approaches to Managing Social Responsibility

Proactive

- Strong support of social responsibility
- Viewed as citizens of society
- Seek opportunities to contribute
- Examples: McDonald's; The Body Shop, ...

12. CSR Business Responsibilities in the 21st Century

- ✓ Demonstrate a commitment to society's values and contribute to society's social, environmental, and economic goals through action.
- ✓ Insulate society from the negative impacts of company operations, products and services.
- ✓ Share benefits of company activities with key stakeholders as well as with shareholders.
- ✓ Demonstrate that the company can make more money by doing the right thing.

12. CSR Business Responsibilities in the 21st Century

- ✓ Describe the nature of ethics.
- ✓ Discuss ethics in cross-cultural and international contexts.
- ✓ Identify the key elements in managing ethical behaviour across borders.
- ✓ Discuss social responsibility in cross-cultural and international contexts.
- ✓ Discuss how organizations manage social responsibility across borders.



When a police officer turned storyteller...

...the DSP Dhawan spent Saturday afternoon evening stories for kids admitted at a Delhi hospital



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