Corporate Social Responsibility
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Lecture – 24
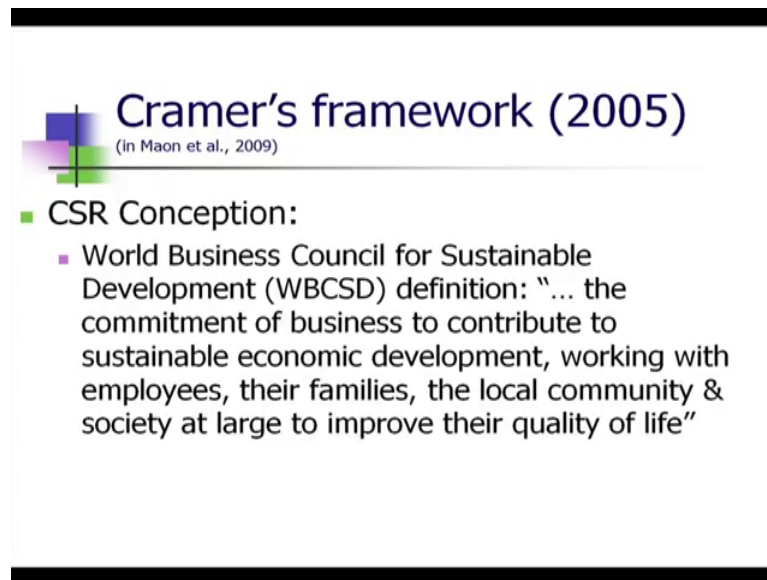**CSR Design and Implementation: Stakeholder Integration**

Welcome back to the MOOC course on corporate social responsibility. My name is Aradhna Malik and I am helping you with this course. And we were talking about the various responsibility paradigms in the previous class.

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Now in this class, we will talk about the CSR design and implementation and how stakeholders are integrated or can be integrated in this stake in the CSR design and implementation process. So, let us see what we have for you today. I have five different frameworks from this paper that I found and I have five different frameworks that I will show you. And I will show you how different authors different researchers have talked about stakeholder integration in the CSR planning and in the planning and implementation process.
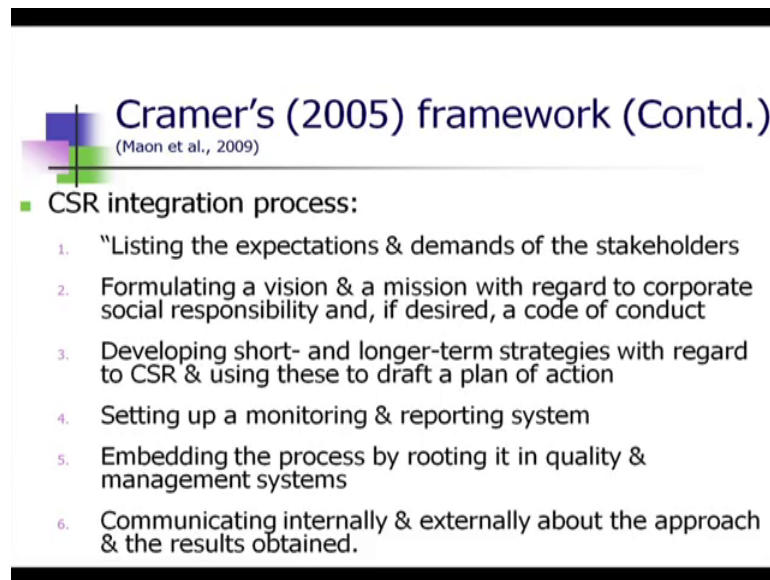
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So, let us see what we have here. Now Cramer's framework which was published in 2005 talks about CSR. Now, before we get into the actual designing and implementation we must understand and that is what you see in all of these frameworks. We will start with the conception, how do they view CSR, how do they view their responsibilities as a corporation. So, their view of CSR is what we start with and then we move on to the steps that they have devised and then we move on to how stakeholders are integrated.

Now, this is presented in the form of a table in the paper, but that could have been too big and too complicated. So, I broke it up into different slides. Let me show you this. According to Cramer's framework, Cramer perceives CSR according to the world business council for sustainable development definition WBCSD definition the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life. So that is the conception of the or that is how the CSR is conceived.

Now, what do they want us to do or how do they design the process, the CSR integration processes first thing you do is list the expectations and demands of the stakeholders. You go out and you find out what is stakeholders need, what they expect, how they want you to take care of their needs, and what are they demanding. Then you formulate a vision and a mission with regard to corporate social responsibility and if desired a code of conduct, this is what we are heading towards, this is how we will do it, this is what we will do this is what we will not do. So, the code of conduct is designed. Then what do you do you develop short and long term strategies with regard to CSR and use these to draft a plan of action.
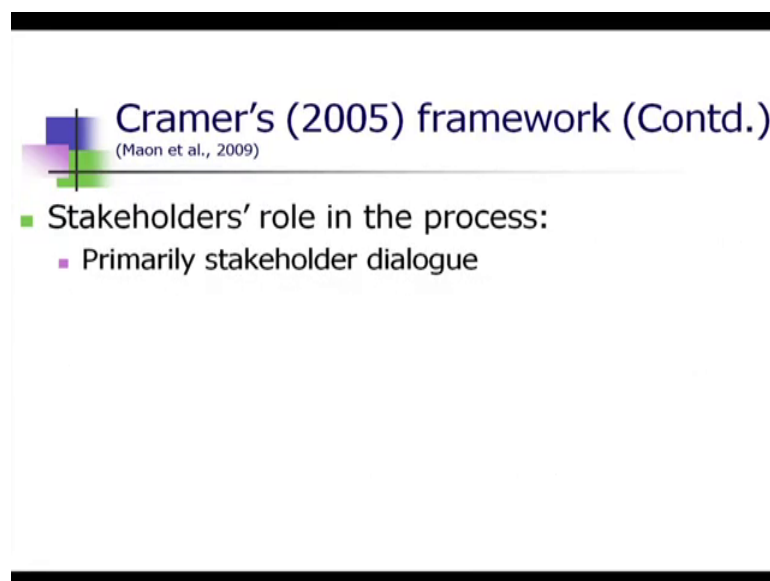
So, you say this is the way we will do CSR, and you devise these strategies and you develop a long and short term planner. You develop a plan of action there. Then you set up a monitoring and reporting system. So, you develop these strategies and you setup a monitoring and reporting system and you say we are implementing these strategies, but we also need to find out whether we are doing something right or not. So, we routinely report on the strategies that we have developed and implemented then you embed the process by routing it in quality and management systems.

So, you make it a part of the regular working off or the regular operations of the organization you embed it in the quality and management systems then you communicate internally and externally about the approach and the results obtained. So, you

communicate about the approach and results that you obtain. You communicate internally and externally about the approach about what you did and results that you obtained and that will then take you to and that will help you integrate CSR into your organization.
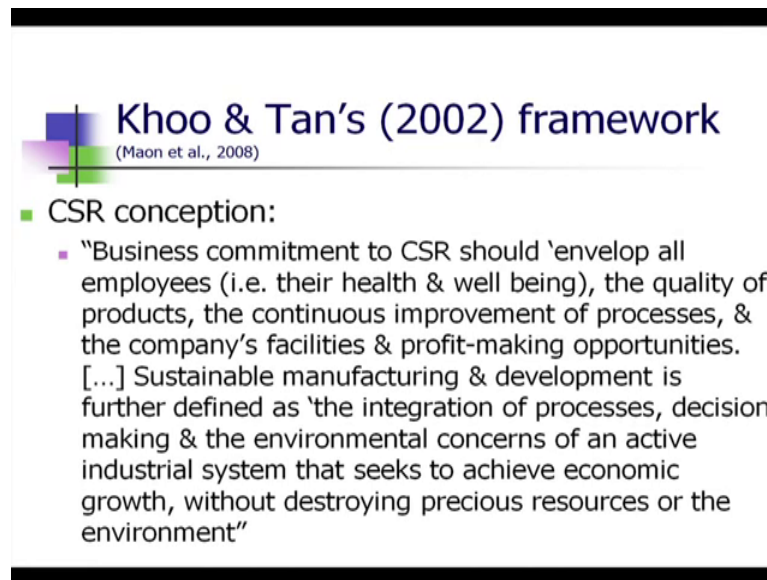
So, let us go through it once again very, very quickly. Find out what the stakeholders want, create a vision and mission, develop your strategies, setup a monitoring and reporting system, embed the process by or make it a part of your regular operations embedded in your quality and management systems. And then let all the stakeholders and all the people who are working on it know about what you did and the results that were obtained this is what we had planned, this is how we monitored it, this is what we arrived at and that way CSR will be integrated into your organization.

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Now, stakeholders role in the process, it is primarily stakeholder dialogue. You list the expectations and demands of the stakeholders, you keep them in the loop and you let them know what has happened.

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The second framework that we will talk about here is Khoo and Tan's framework and they conceive CSR as the business commitment to CSR should envelop all employees that is their health and well being the quality of product, the continuous improvement of processes and the company's facilities and profit making opportunities. Sustainable manufacturing and development is further defined as the integration of processes decision-making and environmentally concerns of an active industrial system that seeks to achieve economic growth, without destroying the precious resources or the environment.

So, this is the conception of CSR it has to take all the employees into account, it should focus on the improvement of processes, it should focus on the company's facilities and profit making opportunities, it should focus on the environmental concerns. And whatever it does should address these environmental concerns, and it should ensure that these resources of the environment are not destroyed that is the conception.

Now, how do this suggest that CSR is integrated into the working of the organization. The first thing is preparation, preparation involves leadership and strategy planning. So, Khoo and Tan's framework the integration CSR integration processes, they have these four steps. And they suggest that we start with the preparation which involves leadership and strategy planning. The leaders start off with the preparation for implementing for integrating CSR into their the working of their organization and then they include it in the planning in the strategy planning process then they go through a period of transformation, they involve people and information management. So, it is unfreeze, move, refreeze, paradigm. So, you start you inform people you help them change you help them imbibe the change and you help them transform.

And then the implementation you involve the embedment of sustainability in the company processes. It is not a special activity. According to them it is not a special activity once you planned it you help people understand why you are doing it, help them grasp pre requirements help them internalize that. When we talk about the difference between change and transformation is change is something that you do temporarily. Transformation is something that comes from within, you actually start believing that whatever you are doing is required to be done. You are changed or the different way in which you are doing things is actually required to be done, so that is transformation.

So, you involve people and you involve information management, you spread the word let people grasp whatever you are telling them, let them believe in it, and let them work towards doing things differently. Then you start implementing it, which means these sustainability efforts are embedded in the company processes they become a part of the company processes this is very similar to the previous model. They become part of the company processes and then you have sustainable business results, which is involving the review of the systems performance. You have planned something you have let the people know you put it in action you have implemented it and then you review it and see how it has changed the performance of your organization, so that is what Khoo and Tan's framework talks about.
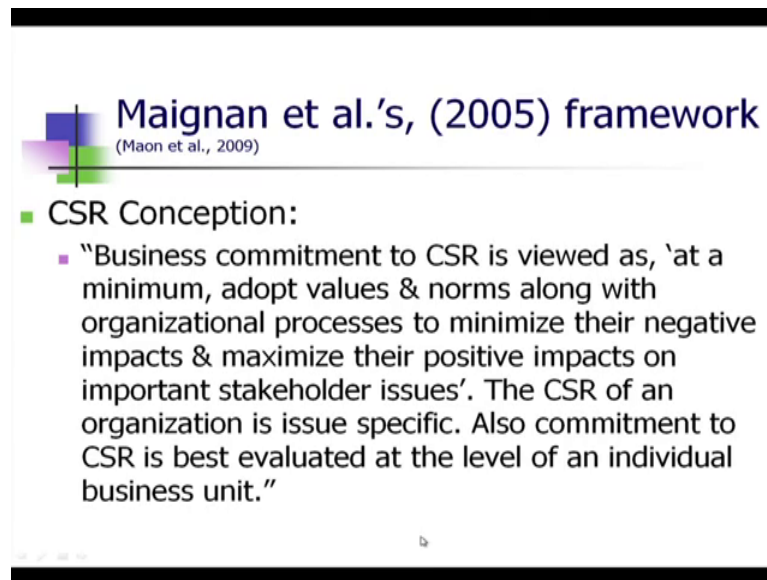
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Now, the stakeholders role in their model is addressing the well being of employees and needs and expectations of the customers and that takes place here. You plan, you decide which side what you want to do and that happens here in the preparation stage and then you evaluate your performance in light of what you had prepared and then you take that and feed it back into the system knowing fully. Well that whatever you were doing is for the benefit of the employees and needs and expectations of the customers.

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Third model that we will talk about here is Maignan and associates framework I hope I am pronouncing the name right, Maignan or Maignan. So, the CSR conception is business commitment to CSR is viewed as at a minimum adopt values and norms along with organizational processes to minimize their negative impacts and maximize their positive impacts on importance is stakeholder issues. The CSR of the organization is issue specific. Also commitment to CSR is best evaluated at the level of an individual business unit.

So, they minimize their negative impacts, they find out what issues the organization is or the society is facing because of what they are doing. They minimize the negative impact of whatever they are doing and maximize the positive impact of the things that are actually having a positive impact on the society, which issue specific and its business unit specific. One aspect one side of my business is having a positive impact on society the way I market my products may be the quality of my products, may be the quality of my service or the way my service people handled queries what they do they go out of their way to help their customers etcetera. So, all of these things are taken into account.
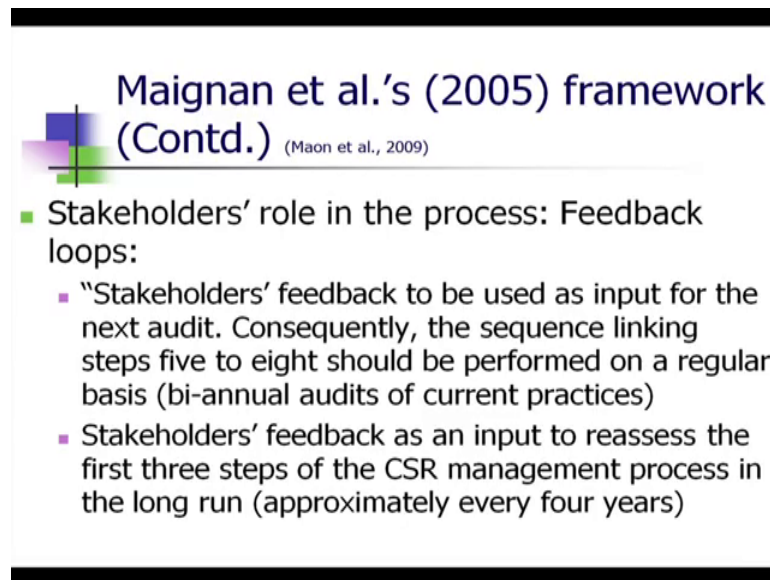
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And how do they suggest that CSR is integrated into the organization. You discover organizational values and norms then you identify stakeholders and their respective salience we talked about stakeholder salience. So, you identify stakeholders salience and then you identify the main issues of concern to the identified stakeholders. So, how important they are, how powerful they are, what kind of impact they can have on the organization and then you identify the issues of concern to the identified stakeholders. What does it that they need what does it that they expect and why, what are they concerned about and what can we as an organization do about it.

Then you assess a meaning of CSR that fits the organization of interest. So, you find out that you know this is then you go through your CSR conception, you focus on the type of responsibilities that you want to address, and then you plan your activities according to those. Then you audit the current practices what is it that we are doing that can help us or that is not addressing what we want to do, do we want to focus on the ethical aspect, do we want to focus on the legal aspect, do we want to focus on the economic aspect. So, you assess the meaning of the or your audit your current practices. You go and you find out where you are not doing enough and then you prioritize and implement CSR changes and initiatives and you say ok, this is where we can make a difference. So, this is where we will implement whatever we can issue specific, we find out what issues which kinds of issues we can address and we start working on those.
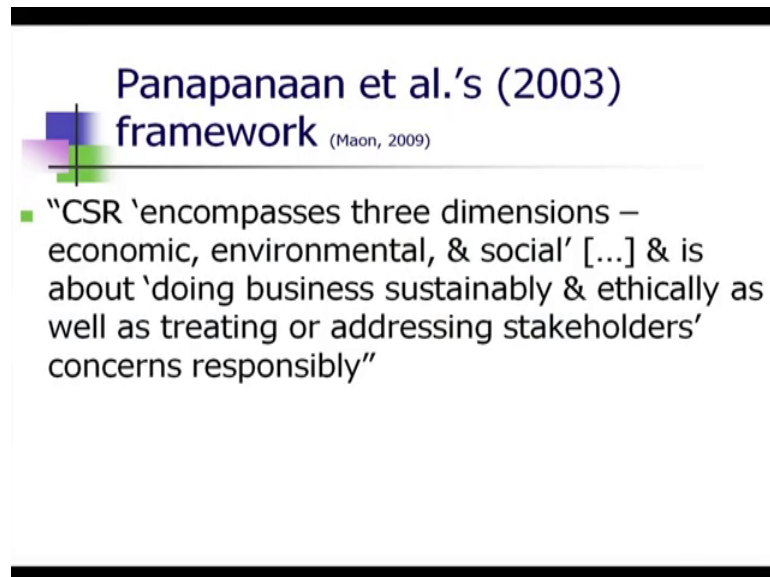
So, mode CSR by creating awareness and getting stakeholders involved and then you gain stakeholders feedback. So, you find out what can affect the stakeholders and push it, do it evaluate it and get their feedback here. What is the role of the stakeholders in the process? Very, very important, there are two feedback loops the first one is stakeholders feedback to be used as input for the next audit. Whatever the stakeholders tell you is a benchmark and you work according to that and during the next order you say this is what we were supposed to be doing or this is the expectation, did we meet this expectation or not.

Consequently, the sequence linking steps five to eight should be performed on a regular basis here 5 to 8; 5 is auditing of current practices, prioritizing and implementing of CSR changes, promoting CSR by creating awareness and getting stakeholders involved. Let everybody know what you are doing tell them that is for them and then get their feedback ask them if it is enough ask them if they want something done differently. So, then this should be done preferably on a biannual basis.

The stakeholder's feedback the second feedback loop is stakeholder's feedback as an input to reassess the first three steps of the CSR management process in the long run. So, the first three, find out what your organizational values and norms are to the stakeholders agree or do they want these changed. Identify the stakeholders and their respective salience how powerful are they how much attention should you pay to them then you

identify the main issues of concern to the identified stakeholders may be you can do this once in three or four years. So, that is what these authors suggest very, very nice way of doing of planning your CSR activities.
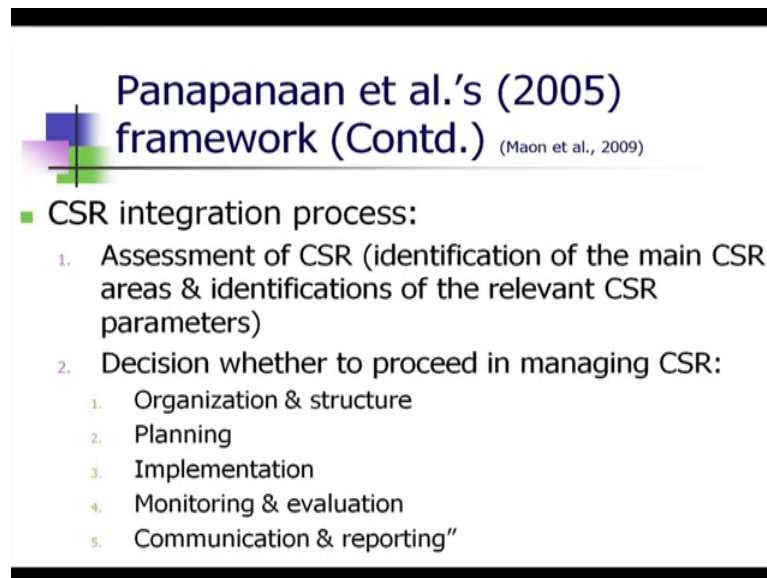
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The next framework that we will talk about is Panapanaan and associates framework. I hope I am pronouncing the name right again. According to them the CSR conception is CSR encompasses three dimensions – economic, environmental and social and is about doing business sustainably and ethically as possible as well as treating or addressing stakeholders concerns responsibly. So, we need to do business sustainably and ethically and we also need to address responsibly address the concerns of the stakeholders.
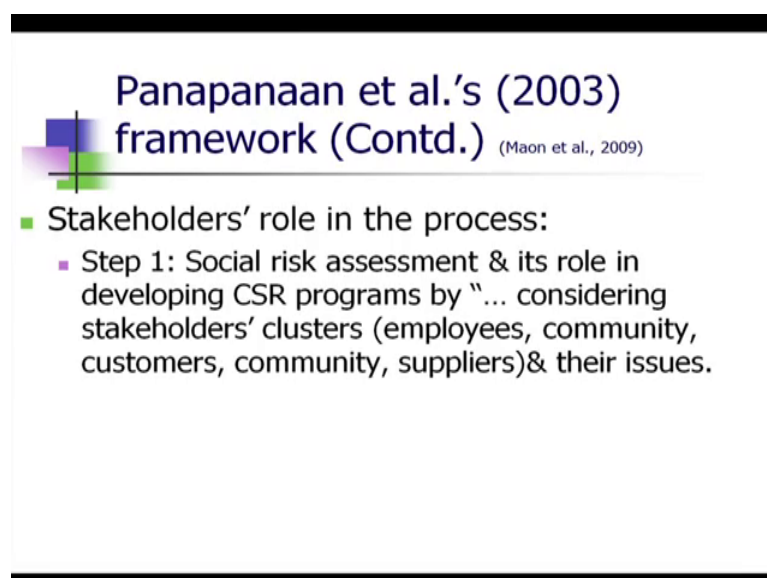
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Now, the process that they suggest based on this particular conception is assessment of CSR. We find out what the main CSR areas and the CSR parameters relevant to these stakeholders then we decide whether to proceed in managing CSR organization and structure or planning or implementation or monitoring and evaluation or communicating and reporting, these are the five different ways. So, what part are we focusing on, are we planning on you know the this is are the organization and structure of the CSR programs, the planning implementation how do we implement it monitoring and evaluation and communication and reporting.
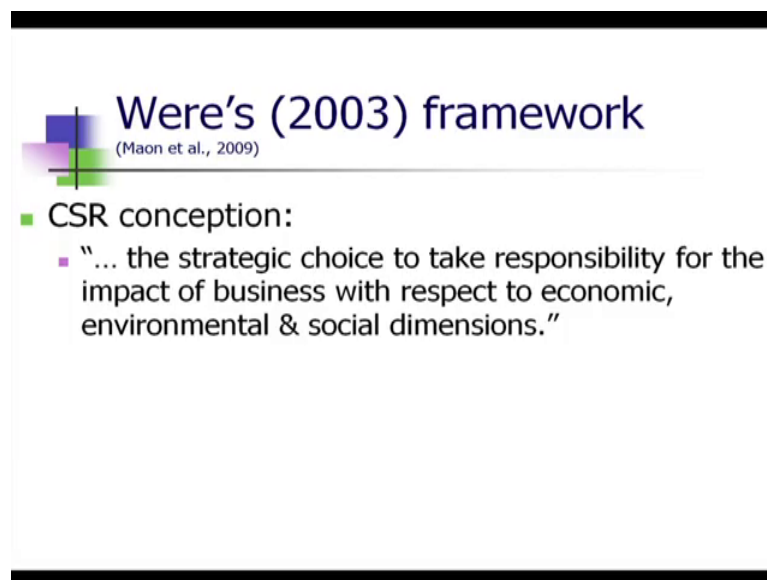
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So, this is what they suggest that you first find out what needs to be done and then go ahead and do it. Now, how does this relate to what or how what is the role of the stakeholders in this process the role of the stakeholders in this process is social risk assessment and its role in developing stakeholders CSR programs by considering the clusters of stakeholders, employees, community, customers, suppliers and their issues. So, this is the role of stakeholders in this process and they go in and find out you know what they want identify, what parameters you want to address, which part of which responsibilities you want to focus on then you plan then you implements and you monitor and evaluate and then you put it back into your systems.
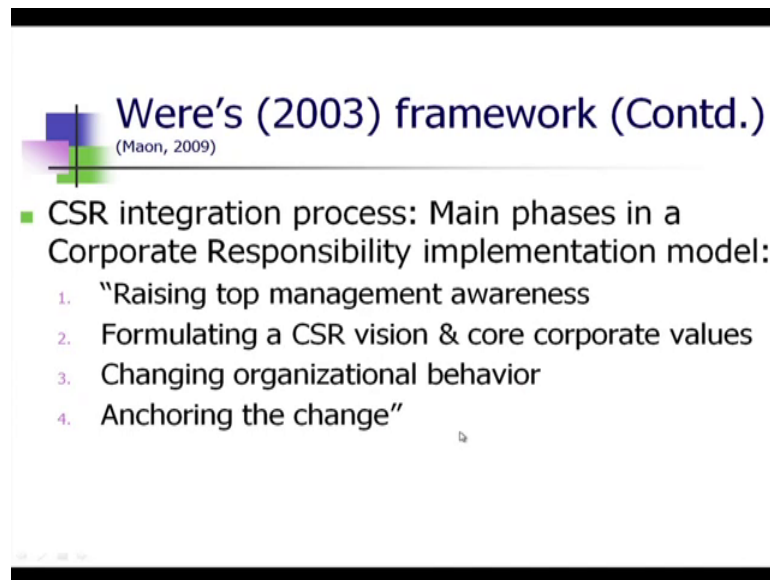
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The last one is this is supposed to be with the double are Were's framework. So, according to Were, I hope again I am pronouncing the name right the CSR conception is that the strategic choice take responsibility for the impact of business with respect to economic environmental and social dimensions. So, you take you decide that you know you integrated into the business strategy, you take responsibility for the impact of business with respect to economic environmental and social dimensions of the activities that you engage in.
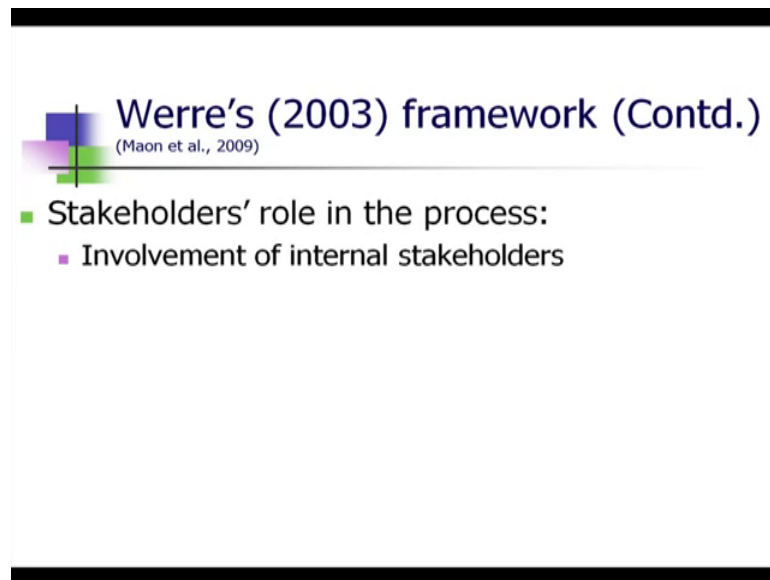
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Now, what do they suggest as far as their integration is concerned the way they suggest that CSR is integrated into the operations of the organization or into the working of the organization is the main phases in a CSR in the corporate responsibility implementation model are you raise the awareness among the top management. Let the top management know why it is essential to be responsible as an organization to the stakeholders then you formulate a CSR vision and core corporate values. You decide where you are headed, find out what you are after go you know decide what you want to go after.

Then you focus on changing organizational behavior and then you anchor the change which means you create milestone. You create reminders within the organization that helps the people undergoing the change and the transformation not slip back have reminders have policies, have processes, in place that can keep pushing them forward that can help them change whatever they are changing that can help them integrate whatever they are integrating into their processes. And then that those anchors will serve as barriers to slipping back to the old behaviors. So, you anchor the change, you make it permanent and then you use that to further raise the awareness among the top management.

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What is the role of the stakeholders in this process you involve only internal stakeholders this particular framework focuses on primarily on active involvement by internal stakeholders so that this process CSR vision says our commitment to CSR is internalized within the organization. And then it is communicated to the outside community so that is all we have time for in this lecture. We will continue with more discussion on planning and implementation of CSR programs in the next class.

Thank you very much for listening.