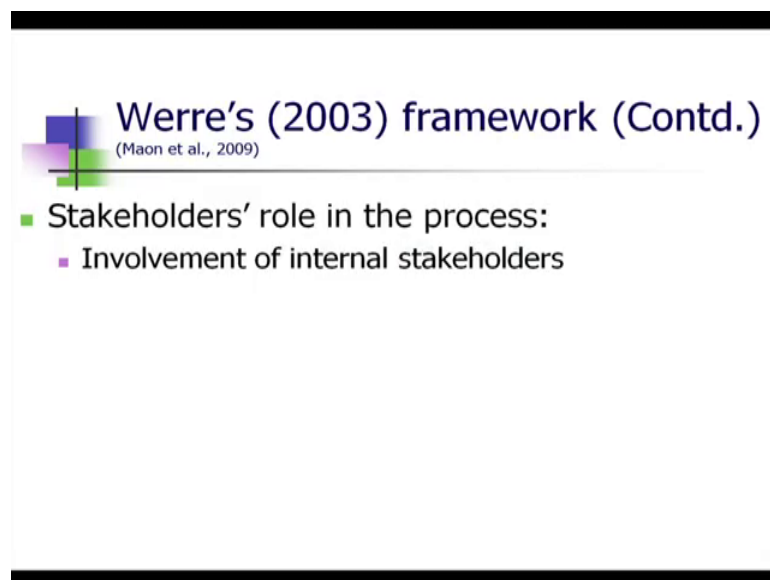


Corporate Social Responsibility
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Lecture - 25
CSR Design and Implementation: Stakeholder Integration (Contd.)

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 have discussed various aspects of stakeholders and how stakeholders participate in the CSR process. Now, in the last lecture, we were talking about stakeholder integration and we will continue with that discussion in this lecture.

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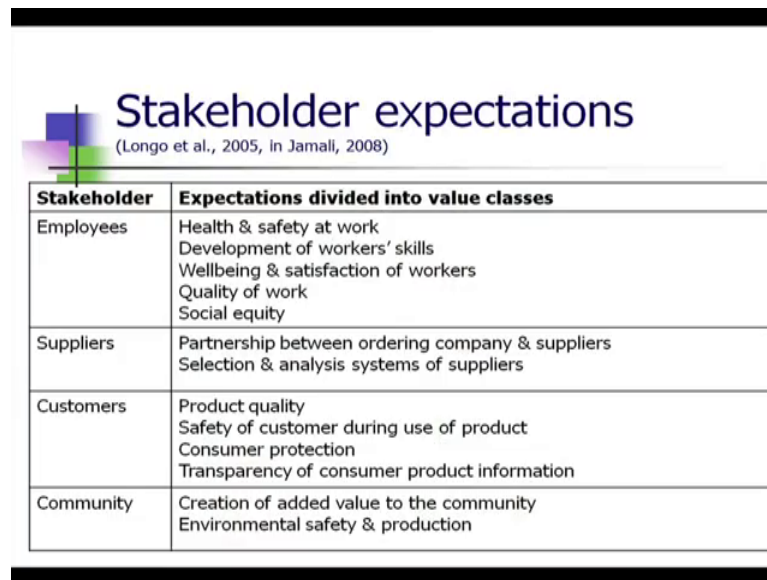


Werre's (2003) framework (Contd.)
(Maon et al., 2009)

- Stakeholders' role in the process:
 - Involvement of internal stakeholders

So, we discussed various aspects here, we discussed various frameworks of stakeholder integration, we discussed you know five different frameworks of stakeholder integration into the CSR process. Now, the authors of this paper (Refer Time: 01:02) Maon and associates have proposed some a stakeholder integration model. So, we will continue with that discussion.

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The slide features a title 'Stakeholder expectations' in a large, dark blue font. Below the title is a citation '(Longo et al., 2005, in Jamali, 2008)'. To the left of the title is a small graphic consisting of overlapping colored squares (blue, green, purple) and a vertical line. Below the title and citation is a table with two columns: 'Stakeholder' and 'Expectations divided into value classes'. The table is bordered and contains four rows of data.

Stakeholder	Expectations divided into value classes
Employees	Health & safety at work Development of workers' skills Wellbeing & satisfaction of workers Quality of work Social equity
Suppliers	Partnership between ordering company & suppliers Selection & analysis systems of suppliers
Customers	Product quality Safety of customer during use of product Consumer protection Transparency of consumer product information
Community	Creation of added value to the community Environmental safety & production

And before we do that you know we have been talking about various ways in which stakeholders can be integrated into the social into the CSR process and we talked about stakeholder expectations. We have in previous lectures talked about what stakeholders want, but here I present to you a summary a very, very brief very easy to understand a table on what stakeholders can expect from the organization. So, let us see what we have here for you. Now, stakeholders you know on the left side we have these stakeholders, different types of stakeholders that an organization can have. And on the right side we have their expectations divided into value classes which means categories that appeal to the goodness or to be a good organization these are the categories of expectations that you must satisfy so that is what they have said.

So, when we look at this table here. So, employees now if the stakeholder is employees then what do employees expect employees expect health and safety at work, employees expect the development of their skills, employees expect that the organization will look after their well being and satisfaction at work, employees expect good quality of work, they expect social equity. Social equity means that they expect to be treated as the others with their qualifications doing the kind of work they do are treated in other organizations. So, they expect that kind of similarity of treatment not equality, but similarity.

Then what do suppliers expect, suppliers are also stakeholders. So, what do they expect they expect partnership between ordering company and suppliers. So, they expect that there will be a congenial atmosphere or a nice comfortable partnership between the company that orders from them and the suppliers themselves. Selection and analysis system of systems of suppliers, so the selection and analysis of the suppliers will be in done in a fair manner. Then what do customers expect, customers expect good quality products. They expect safety of customer, or safety or their safety during the use of products. We had cases for example, with the batteries of cell phones exploding when people are using them; microwaves exploding when people are using them.

So, because the instructions were not clear you know sometimes of course, if you put up a stainless steel spoon in a microwave oven and you switch it on it is you know something bad is going to happen to you. But if you know, so we had these things we have had the car engines going up into flames for example. So, the customer expects that the product will be safe to use. So, then consumer protection, what does the customer expect. The customer expects consumer protection if something goes wrong, they expect that their rights will be protected. Now, I cannot name this ecommerce company many of us use it to order different supplies. And you know many companies of course, these days are offering a full refund for products that do not arrive in the condition that they are expected to arrive which is really nice you know.

So, you want that kind of thing or if the product is bad then you can either return it, you send it back and they give you a full refund or if it arrives in a damaged condition and it cannot be returned. For example, liquid soap you order liquid soap some consumable item. And you order it online, it reaches your doorstep and by the time it reaches your doorstep for whatever reason it has leaked. So, you cannot return it, because it is messy and gooey, but the you just send photographs of the product to the company and the company will issue a full refund and not ask you to return whatever is left in the package. Even if two drops have leaked and they are convinced that there was something wrong with the packaging, they will return the money and you know that is what you expect that if you are an honest customer, you are not trying to cheat the company they will help you with that.

If you order shoes online many ecommerce companies say that you order shoes online they reach you, you try them on, they do not fit you for whatever reason, they give you

all kinds of measurements they do not fit you, you return them. You do not you remove the labels you return them in an unused condition and you get your full money back and the return is also on them. So, they bear the cost of returning the item. Now, that is the kind of protection of consumer is asking for. These are big ecommerce companies.

I will tell you an example of your local street or your local corner shops I had a very interesting experience recently. I ordered something I asked you know one of my grocery stores to deliver something to my home couple of days ago. And it is not his job, but he has promised that service to his regular customers. So, he sent it. One of the packages was opened now we know that the package was opened by the delivery person, still this person told me that madam I will send you a completely sealed product, why because you are a regular customer you take these things from me every day.

So, if you are not satisfied, I will give it back to you now because he has not taken that initiative I will never stop going to him. I will take everything, I want from him, and I will also spread the word to other friends who live in the same area and I will say this person is so good. We could make out that the delivery person had done this, but he is still protecting the consumer. I am talking about consumer protection, you all must have had similar experiences in your personal lives also. So, you know it is very nice on this persons part. He is not at fault the delivery person was not trustworthy, he will not trust that person again, but it is very clear that this person wants to retain a regular customer, so that is the customer protection that I am talking about.

Then we have transparency of consumer product information the information that is listed on the packages accurate and it is transparent you know what you are getting for food items for example, it is now mandatory for them to declare whether the food is spicy or not and whether it has any non-vegetarian components or not. So, if they have used say whatever you know a chicken, fish, eggs, so many products these days, so many packaged food items use these things if you read it clearly, it will tell you fish oil or egg yolk or something. And if you were a vegetarian you do not buy it you read it carefully and it has to be marked these days they mark non vegetarian items with a red dot in many food companies do that. So, there is transparency of information and they do not try to cheat you they just tell you that look we have used this in making this semi ready product or ready to eat food or even in other packaged food; if you are a pure vegetarian please do not buy this go for something else that is pure vegetarian. So, you know what

you are getting, so that is the that is what the customers expect. They expect transparency they expect that the product that they are getting will be clarified will be you know the details of that product will be mentioned in a clear cut honest manner by the manufacturing company.

Then the community what does the community expect creation of added value to the community environmental safety and protection. You have a factory in a place. So, factories are noisy, so creation of added value. So, you lower the noise levels when they are not supposed to be there. People know that this big huge building has come up, there is pollution, but you set up dust bins for example on your outside wall you take care of the people who are outside the walls of your factory. You do whatever it is that you want to do inside the factory, but you stop when the government wants you to stop. Your work does not continue till late at night you know there is no banging, I mean you are the noise levels for example, are not supposed to go you are not supposed to have loud speakers after 10 pm that is the law.

So, you make sure that the noise in the factory stops well before that you make sure that the area around it is clean. You take active measures. You look after the community's welfare creation of added value to the community because your factory is there you set up some facilities for your staff and also allow others to use those facilities maybe you have a subsidized canteen there and you just have it on the outer wall of your factory. So, your workers can eat there, and others coming passing by can also eat in the same canteen and it serves cheap easy you know the lesser priced food and everybody benefits from it. So, something like that. So, there is added value for the community. So, you take care of your employees and also open your facilities up for people on the outside and that creates added value for the community.

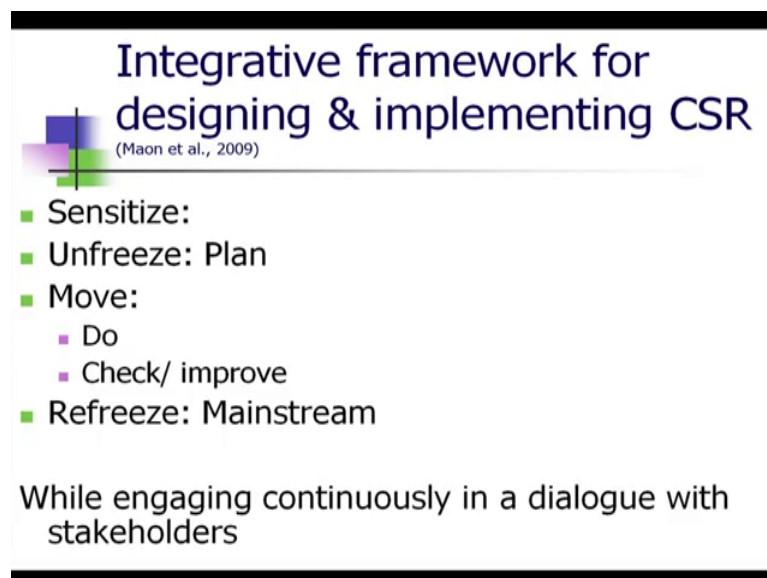
I will tell you the example of IIT, Kharagpur. We have IIT, Kharagpur is a mini town in itself. We have three full fledged schools within our campus. Now, the schools are primarily meant for people living in the campus. We have a fully residential campus, but they are not closed, their doors to people on people outside. So, we have you know we have central school, we have Saint Agnes, we have DAV school all three very nice schools with very, very well qualified very dedicated teachers. Now, the schools are next to this gate from which you enter IIT. So, they are close to the exit point of IIT, they are on the periphery of the IIT boundary within the IIT boundary and they have also opened

their doors to students coming from outside of IIT and that is very nice. Because everybody gets the benefit of these very nice schools three schools all right next to each other; all with very good facilities.

Of course, it is like a regular school its governed by the rules. So, there is no special privilege here, but the fact that these schools have found a very nice spacious clean area where very good facilities within our campus. So, they are serving our campus as well as the community outside. So, there is added value for people living outside of IIT as well within Kharagpur area. So, those kids also come to our schools. So, this kind of this is what the community wants, they want that if you exist you also do something that benefits you.

So, or benefits them the community serves them then environmental safety and protection I am sorry the word here should be protection not production environmental safety and protection. So, you protect the community and the environment you do things that will help protect the environment. You take all measures to keep the environment clean, you take all measures to ensure that you know if you are a factory you do not send pollutants you take care of your waste in such a manner that it does not harm the environment, so that is what the community expects.


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Now, let us see what this integrative framework for designing and implementing CSR is. The first step in this integrative framework is to sensitize then you unfreeze whatever is

there you plan then you move from your current state to the next state. So, you do and you check and improve and then you refreeze whatever you are doing in mainstream everything while engaging continuously in a dialogue with the stakeholders. And this will make more sense to you in just a minute.

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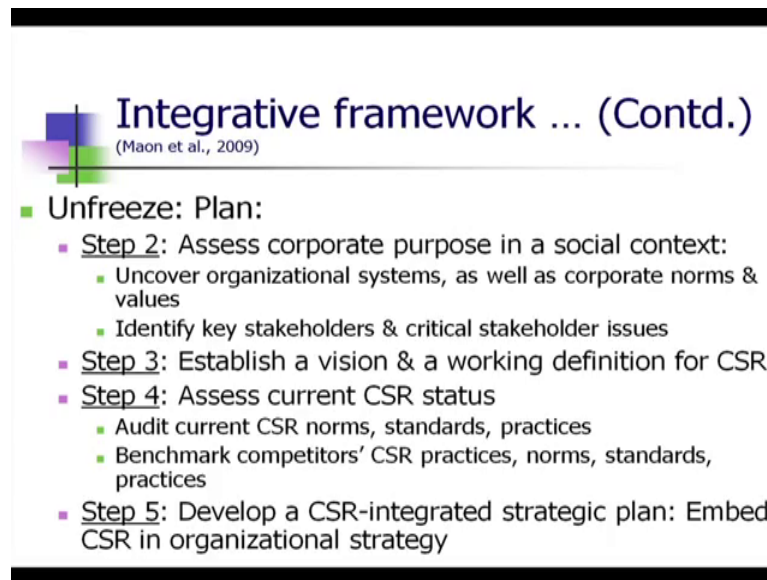


Integrative framework (Contd.)
(Maon et al., 2009)

- **Sensitize:**
 - **Step 1: Raise CSR awareness through:**
 - Social drivers
 - Political drivers
 - Managers' personal values
 - Economic drivers

What do we mean by sensitization? Step one of this integrative framework is raising CSR awareness through social drivers through political drivers through managers personal values and through economic drivers. And we have talked about drivers in previous classes. So, I will not dwell too much on this, but you raise the CSR awareness you make people aware about their social responsibilities, you make people aware about what the community expects them to do. You make people aware of what their responsibilities to the environment that they are living in are through various drivers. You know you have social drivers you have social stimulants in the environment. You have political stimulates; you have you appeal to the personal values of the managers within your organization and say it is the right thing to do. And of course, economic drivers are there.

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Integrative framework ... (Contd.)

(Maon et al., 2009)

- **Unfreeze: Plan:**
 - **Step 2:** Assess corporate purpose in a social context:
 - Uncover organizational systems, as well as corporate norms & values
 - Identify key stakeholders & critical stakeholder issues
 - **Step 3:** Establish a vision & a working definition for CSR
 - **Step 4:** Assess current CSR status
 - Audit current CSR norms, standards, practices
 - Benchmark competitors' CSR practices, norms, standards, practices
 - **Step 5:** Develop a CSR-integrated strategic plan: Embed CSR in organizational strategy

Then step two, unfreeze. So, the second stage is of course, this is presented in the form of a big chart that I cannot present here. So, I have broken it up with of course, you know a due credit to our authors. So, you unfreeze, you plan. Step two is you assess the corporate purpose in a social context. What does the organization want to achieve. So, corporate purpose in a social context is what do you want to achieve by helping the community what is it that you after, find that out. And how do you find that out you first find out what your norms and values are what your systems are. What is your organization doing, what is the vision, what are you capable of doing where are you headed. Then identify key stakeholders and critical stakeholder issues.

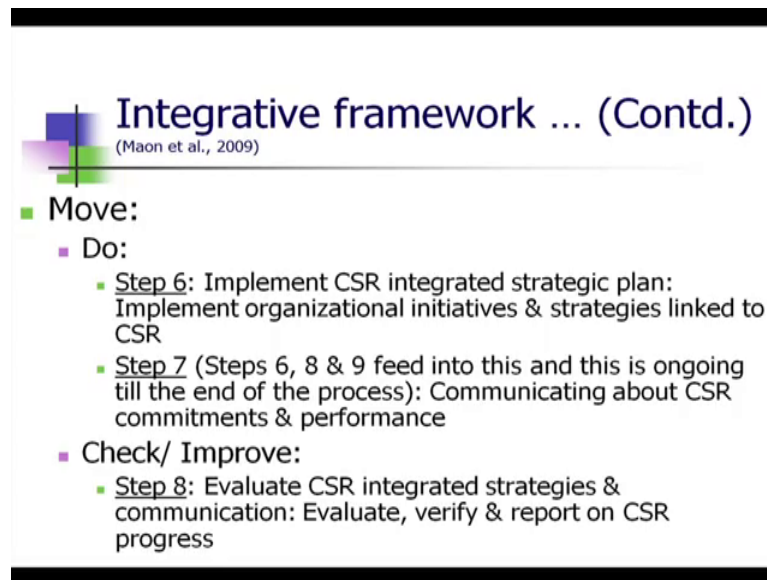
Find out who can make a difference which of the stakeholders can really make a difference to what you are doing. So, you identify those stakeholders and you identify the issues that matter to the stakeholders who can influence whatever it is that you do in the organization. And then through these activities you find out what the purpose of your organization is in the social context. What do you want to do for the society that will appeal to your key stakeholders that will appeal to or that will be coherent with your systems that will be coherent with your norms and organizational values. So, you have to until you synchronize everything, you cannot move forward. It has to appeal to the people who have a voice in your organization who can influence. It also has to be in line with your existing norms and values and systems only then will it start off.

Then step three you establish a vision and a working definition for CSR. You decide what you want to do lay it out in black and white. What are you headed towards what do, you want to achieve in the next four or five years, you know where what kind of tangible visible measurable difference do you want to make to the society in the next specified period of time, couple of years maybe months is too short. So, you decide two, three, four, five years where do you want to go what do you ultimately want to do and a working definition for CSR. What do you mean by social responsibility of your organization.

Step four is after you have done that then you assess the current CSR status it is you know I am sure that you have not been sitting. So, you have to assess what you have been doing to work to benefit the society till then. Audit your current CSR norms find out what you have been following what are the norms what are the standards what are the practices. What is it that you have been doing till date, so you audit that. Then you also find out what your competitors are doing as far as the social responsibility goes. Find out what the other people in the industry are doing for, find out what the other organizations are doing, have a benchmark. What is the minimum you need to do, what is the ideal you would like to do, and the ideal will be informed to you through the vision that you have for yourself. This is where we want to go, this is the bare minimum, the benchmark is there all organizations are doing at least this. So, we need to do at least this and some more. And that some more should be channeled in the direction of the vision of your organization.

Then after you have assessed your current CSR status you develop a CSR integrated strategic plan. What does this mean that you take your organizational strategy and make CSR a part of it. Embedded make it a part of your current existing organizational strategy and revise your strategy in light of your commitment to your social responsibilities to achieving whatever it is that you want to achieve in society to doing whatever it is that you want to do for your social milieu outside of your organization. Then once you have planned all this, you put everything down in writing then you start doing it move means you do it.

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Integrative framework ... (Contd.)
(Maon et al., 2009)

- **Move:**
 - **Do:**
 - Step 6: Implement CSR integrated strategic plan: Implement organizational initiatives & strategies linked to CSR
 - Step 7 (Steps 6, 8 & 9 feed into this and this is ongoing till the end of the process): Communicating about CSR commitments & performance
 - **Check/ Improve:**
 - Step 8: Evaluate CSR integrated strategies & communication: Evaluate, verify & report on CSR progress

Do, step six, implement CSR integrated strategic plan you made a plan. Now, you start implementing it. Implement the organizational initiatives and strategy is linked to CSR. Write down whatever it is that you want to write down and then you follow whatever it is that you have written down. Implement the initiatives that you have decided you will take and implement the strategies that you have decided that you have you know in embedded in your organized in your vision and then you start implementing those strategies.

Then step seven, step six, eight and nine feed into this and this is ongoing till the end of the process, you start talking about your CSR commitments and performance. Communication about CSR stakeholder dialogue is so important throughout the process you take their feedback at every step, every stage. You communicate whatever you had decided, whatever you are doing, whatever you plan to do to the stakeholders. Let them know what you are doing get their inputs.

Step eight then when you do move you check and improve. Evaluate CSR integrated strategies and communication. Find out, evaluate, verify and report on your CSR progress. This is what we set out to do, this is what we have done till now, this is what the stakeholders say this is what we have said to them, this is the decision we have arrived at. Now, have we achieved this, this was the vision is whatever we are doing in line with the vision that we had started out with. Does whatever we are doing aligned

with the vision that we started out with, does whatever we are doing synergize with wherever it is we had decided to go. If yes, great let us keep doing it; if no let us find out why we have had to change direction maybe the vision needs to be revised maybe your work needs to be revised. Maybe you know you have to have some measurable way and I will tell you about certain strategies of measuring CSR, many people have talked about it; Prof. Prakash Sethi has developed a very, very nice system of evaluating of measuring CSR and I will talk about it when we talk about CSR measurement.

So, all of this will then feed back into your improvement strategy. You find out whether you are doing whatever it is that you wanted to do, if yes great; if no then let us do it or are you doing better that means, your vision needs to also change you are capable of doing better. You may even exceed your own expectations you may do more than what you had planned. So, in that case you will need to revise your vision and say well we are capable of doing much more let us keep on doing much more, why not. You know you do not need to cut down on your efforts, so that will then feed into each other and that has to be in light of an ongoing stakeholder dialogue.

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Integrative framework ... (Contd.)
(Maon et al., 2009)

- **Mainstream:**
 - **Step 9: Institutionalize CSR: Anchoring changes into organizational systems, as well as corporate culture & values**

After all this is done then you mainstream everything, you have sensitized people, you have planned, you have moved, you have unfrozen, you have moved, you have refrozen, things and you have now you have to mainstream everything which means that now it is part of the way you do things. You checked what you wanted to do now you need to

make it a part of the way you do things, CSR and regular operations do not need to be separate at this stage. They need to be so well integrated that you cannot find out where the boundary is. So, being socially responsible is the way you do things. So, you institutionalize CSR, you anchor the changes into organizational systems as well as the corporate culture and values. It is so important to reach this stage once its mainstreamed once it becomes a part of the way you do things at that point you know that you are a socially responsible organization. It is a very, very nice framework. And I will give you the full reference of the paper maybe you can find it through your electronic resources and read it very nice paper.

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Critical success factors in the CSR process (Maon et al., 2009)

	Plan	Do	Check/ Improve	Mainstream
Corporate Level	<ul style="list-style-type: none"> •Connecting CSR vision & initiatives with organization's core values & competencies •Formalizing CSR vision through official documents 	-	Considering mistakes as an opportunity to learn & improve CSR programs & policies	-
	<ul style="list-style-type: none"> •Getting key people's commitment (directors, owners, senior managers) •Engaging participation of key stakeholders in the CSR process 			
Organizational Level	Building upon existing organizational structures & process	<ul style="list-style-type: none"> •Ensuring the organization has internal skills to make the transformation •Training employees in CSR issues 	<ul style="list-style-type: none"> •Considering mistakes as an opportunity to learn & improve CSR programs & policies 	Emphasizing relationships between new organizational behavior & success
	<ul style="list-style-type: none"> •Fostering the presence of moral/ CSR champions •Thinking in terms of long-term engagement rather than quick fix solutions 			
Managerial Level		Creating enthusiasm & credibility around CSR		Rewarding people that create CSR success
	Recognizing the critical role of leadership			

Now, critical success factors in the CSR process. This is again from the same paper and I have had to modify the boundaries here, but I will tell you, you know what these are. At the corporate level, planning stage, the critical success factors I am sorry it is very cluttered. So, I will read it out and when you get the slides you can read those also. At the planning stage, you connect CSR vision and initiatives with organizations core values and competencies, so that is the critical success factor. You will succeed only if you connect the CSR vision and initiatives with the core values and competencies of your organization; otherwise, you will fail. I told you right in the beginning of this lecture unless you align whatever you are planning to do through your socially responsible activities with the current values of the organizations whatever you are planning will not work. Then formalizing CSR vision through the official documents that also has to

happen in the planning stage; you must put everything down in black and white. Once you write it down it becomes a commitment that you make to yourself and to everybody who is involved in this planning process. Once you put it in writing then it is you know definite.

Then doing corporate level you do whatever you had done. Then you know critical success factors then come in when you check and improve. You consider your mistakes as an opportunity to learn and improve CSR programs and policies. And through all this, the stakeholder dialogue is you get the key peoples commitment, directors, owners, senior managers need to be committed to what you are doing; otherwise, whatever you have planned will not work. You also engage the participation of key stakeholders in the CSR process; otherwise, whatever you do will not work. You make sure that the key stakeholders are involved in the process they are committed to it and they are actively participating in the process.

Then at the organizational level what do you do, in the planning stage you build upon the existing organizational structures and processes that is what I told you right in the beginning. It has to be an extension it has to be a part of what you do. So, you build upon the existing organizational structures and processes then as far as you are doing is concerned, you ensure the organization has the internal skills to make the transformation, you train your employees in the CSR issue. So, you build on whatever you are you have currently you make sure that your employees have the skills to go through this change, equip them with those skills, then you train your employees in these issues. Sensitize them train them to do things.

Check and improve stage consider your mistakes as an opportunity to learn and improve CSR programs and policies. And mainstream you emphasize relationships between new organizational behavior and success very, very important. So, you find out the you know the new organizational behavior that you have and find out what the relationship is, find out how the new behavior that you have incorporated has led to the success of what you had planned and then you take it from there. And then that is how you mainstream it that becomes your anchoring point and you keep reminding people that look we did this and that is why we have succeeded.

Now, through this you foster the presence of moral CSR champions. You make sure that people who are committed to CSR are always there reminding encouraging people who are actively engaged in implementing your CSR activities. Thinking in terms of long term engagement rather than quick fix solutions. It is not about fulfilling your social obligations; it is about making a making CSR a part of whatever is of the way your organization functions. So, you think in terms of long-term engagement not in terms of quick fix solutions not in terms of you know on the spot decisions, but create a long-term plan at the managerial level again at the doing and checking and improving stage, you create enthusiasm and credibility around the CSR.

So, managerial level comes in when you are actually implementing. So, you make people feel great about doing whatever it is that you are they are doing. Build credibility, yes, whatever we are doing is important, it is very important to do these things. So, you build credibility, you make these things believable and then at the mainstream stage you reward people that creates yourself success. So, you make sure that they feel happy and they feel there is some tangible reward associated with it. And through this, you recognize the critical role of leadership.

So, through this process, you know you recognize how important leadership is, how important the commitment of leadership is to making all this happen and that is these if you follow these then it is sure you can be sure that your CSR initiative will succeed because you have paid attention to each of these steps. Now, that is all we have time for in this lecture. I hope you found it worthwhile. Please take it I hope I have been able to provoke some interest stimulate some interest and generate some kind of curiosity about how all this happens in real organizations. We will take the discussion through in the next module, which will be actual how you know which will be the details of how you do CSR in the organization.

So, thank you very much for listening.