

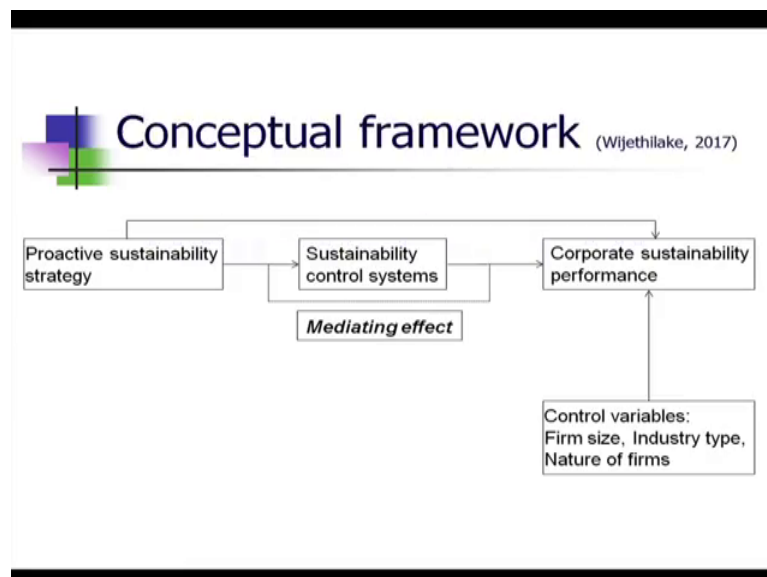
**Corporate Social Responsibility**  
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**Indian Institute of Technology, Kharagpur**

**Lecture - 49**  
**Integration of Corporate Sustainability with CSR**

Welcome back to the MOOC course on Corporate Social Responsibility. My name is Aradhna Malik and I am helping you with this course and in this lecture we will talk more about the different principles of sustainability and how sustainability has been integrated with corporate social responsibility. Now we were talking about, just we talked about sustainability separately and CSR separately let me try to bring that two together. Now you will see how these two are interwoven with each other in the context of the business environment.

So, let us see what we have here for you integration of sustainability with CSR.

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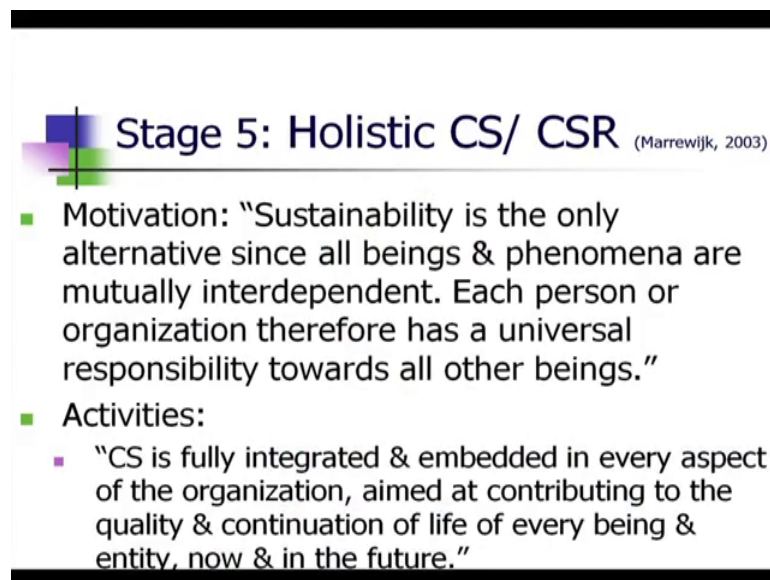


The conceptual frame work, again I am sorry I cannot I think are we able to pronounce this name this is from a paper by Wijethilake which is you know is, it was still impressed when the paper was put up I hope it is been published by now. And what the author has proposed is a conceptual framework for sustainability strategy. So, it ranges from proactive sustainability strategy, it starts with proactive sustainability strategy which

means that the organization is involved in proactively making efforts to ensure the sustainability of the environment.

So, it starts with that now that eventually contributes to corporate sustainability performance, if you incorporate sustainability right from the beginning if you make it a part of how you do things we were talking about in the previous class we talked about the different stages.

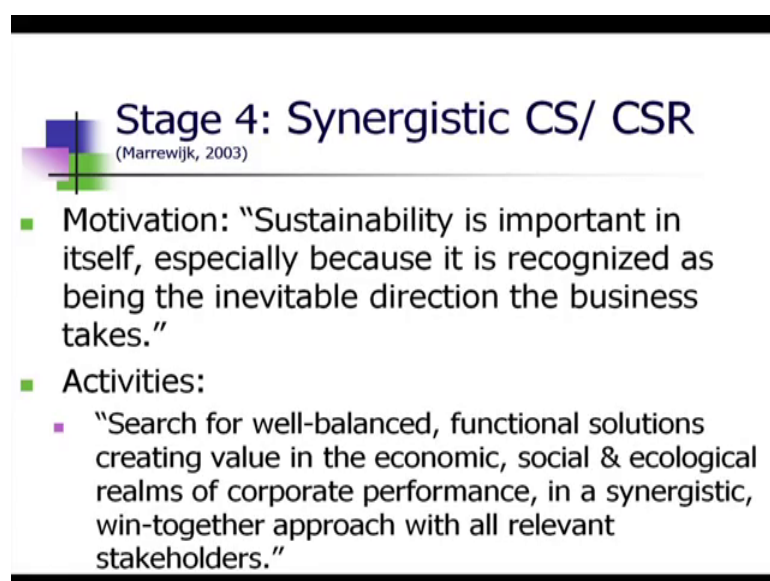
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### Stage 5: Holistic CS/ CSR (Marrewijk, 2003)

- Motivation: "Sustainability is the only alternative since all beings & phenomena are mutually interdependent. Each person or organization therefore has a universal responsibility towards all other beings."
- Activities:
  - "CS is fully integrated & embedded in every aspect of the organization, aimed at contributing to the quality & continuation of life of every being & entity, now & in the future."

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### Stage 4: Synergistic CS/ CSR (Marrewijk, 2003)

- Motivation: "Sustainability is important in itself, especially because it is recognized as being the inevitable direction the business takes."
- Activities:
  - "Search for well-balanced, functional solutions creating value in the economic, social & ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders."

Now, when we talk about integration of the sustainability strategy proactive sustainability strategy we are talking primarily about stages 4 and 5 you know and this is with reference to the previous lecture.

So, you start out by saying that sustainability is the way we will do things we are committed to it and this is the way we will even start planning our business, we will start looking forward and our processes will be aligned you know keeping in mind the our commitment to sustainability. That then leads the organization to design sustainability control systems. Now there is a mediating effect you know of the proactive sustainability strategy through sustainability control systems on corporate sustainability performance.

One is it directly feeds into the performance of the organization that is committed to sustainability when you reinforce that by putting control systems in the processes of the organization that two feeds into the performance of the organization as a sustainable organ, as an organization that is committed to ensuring the sustainability of the environment. And there are some control variables, there are some influences here that also affect the corporate sustainability performance these are firm size industry type and the nature of firms.

So, within our limitations if we start out by saying that yes this is the way we will do things then it becomes you know then the whole process is centered around your commitment to the environment and to maintaining the environment the way it was when you entered it. That is all sustainability is about, sustainability means to keep something going on you know to maintain a and a dynamic equilibrium if we were to talk in terms of physics this is a dynamic equilibrium that even though things are changing the thus say the state of stability, thus the proportions of the different elements in the environment stays the same even though they are changing; that means, the rate of change at the input side is more or less similar to the rate of change at the output side.

We are more concerned about the output. So, we take something in process it and send it into the environment. At the same time we are pumping in whatever we are consuming to make sure that the balance is maintained. So, that dynamic equilibrium is maintained here all right.

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**Example of sustainability integration strategy** (Essah & Andrews, 2016)

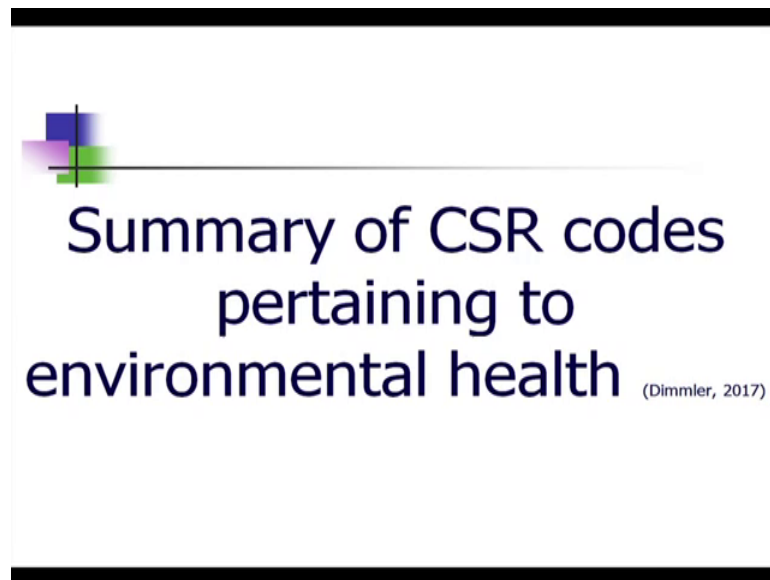
- Ref: Mining operations in Ghana
- Stages:
  1. "Sustainability as land reclamation
  2. Sustainability as disjointed CSR/ social license activities
  3. Sustainability as long-term community development"

An example of sustainability integration strategy again this is by a from a paper by Essah and Andrews they refer to the mining operations in Ghana and the stages they say you know as for as mining operations are concerned some stages that they propose are one is at the very first stage at the bottom they talk about sustainability as land reclamation.

So, the land that is used or that is destroyed in or negatively affected by the operations of the organization is then is then for want of a better word curretted or treated in such a way that the output from that land remains the same. So, it is you know they try and make sure that that either the same line or similar a chunk of land elsewhere. Then sustainability the second stage is sustainability as disjointed CSR or social license activities, excuse me.

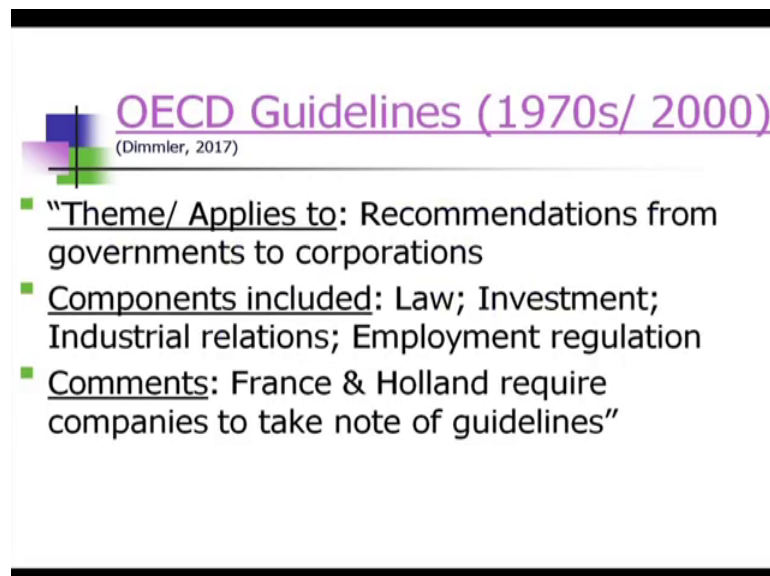
So, the first aspect is to make sure that the land becomes tillable that the quality of land is restored, the second stage is that it is like you know sporadic programs it happens in the form of sporadic programs or social license activities. The final stage or the last stage where everything comes together is sustainability as a long term community development. So, sustainability starts you know it is integrated into the strategy of the organization and the organization takes it upon itself to make sure that they contribute to the long term development of the community.

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Now, we will talk about the you know some of the CSR codes and I am going to spend a long lot of time on this because this is by far the most comprehensive list I have come across as far as you know the you know having everything related to the rules and regulations and codes pertaining to CSR and sustainability are in one place. Amazing paper I will give you the reference to it, this is a paper a very recent paper by Dimmler from 2017.

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So, extremely recent I took the liberty of taking the table and breaking it up piece by piece and I will show you know this is a, these are rows in that table and I have taken each row and put it here you know under the same headings and I will show you the links to the main code. So, the code is OECD guidelines we discussed these in great detail, but let me show this to you.

So, I am going to keep the screen the slides not in the screenshot mode, but I will use these slides here I will increase the size of the slides here, and I will show the slides to you here because it will become easier for us to switch between the slides and the website let me just show you, one second I am going to close this here. So, let us see how big they get and I hope this will be readable, this seems maybe 120. I think this should be ok or maybe a little bit smaller, this seems ok.

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So, OECD guideline, so we had talked about this earlier. Let me just show you here I have this, these websites I have already pulled them up. So, it becomes easier we had talked about the OECD principles of corporate governance let me increase the screen size here. So, we have already discussed this and the link is given to you in the slides all right. Then maybe I will give you the links on a separate sheet also.

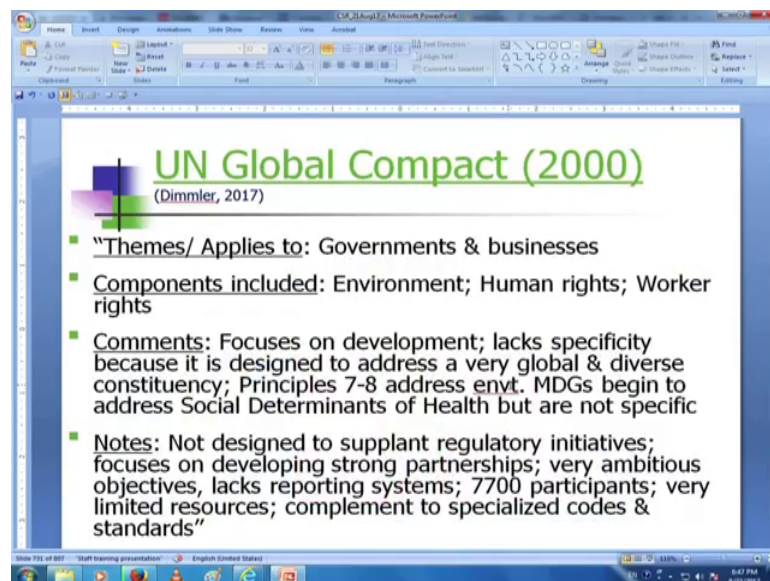
Now the OECD guidelines the theme of the guidelines is recommendations from governments to corporations. So, the governments have recommended a set of suggestions to governments to incorporate efforts towards sustainability in their

operations. Now please remember that this paper was focusing on the mining industry. However, I have yet to find something as comprehensive as this for any industry. So, I took the liberty of bringing this to the table here and sharing this with you. Lot of what is discussed in this paper can be applied across industries. So, the theme of the OECD guidelines is that these are recommendations from governments to corporations the components that are included are law, investment, industrial relations and employment regulation.

So, various components are there the comments that have been given by the author of the paper are that France and Holland required companies to take note of these guidelines, it is mandatory for the governments, the governments have made it mandatory for the companies to at least acknowledge these guidelines and you know do something about them in France and Holland.

Next, the next one is the UN global compact.

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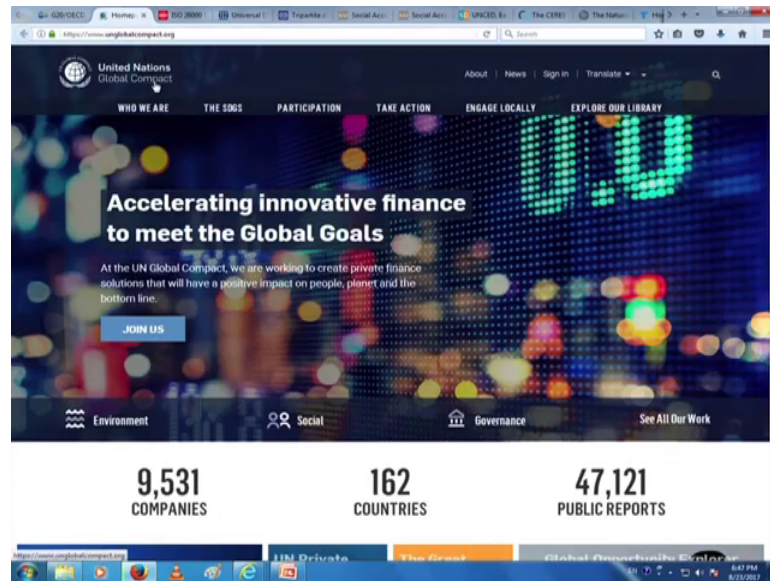


The image shows a screenshot of a Microsoft PowerPoint presentation. The slide is titled "UN Global Compact (2000)" in green text, with a subtitle "(Dimmler, 2017)" below it. The slide content is as follows:

- **Themes/ Applies to:** Governments & businesses
- **Components included:** Environment; Human rights; Worker rights
- **Comments:** Focuses on development; lacks specificity because it is designed to address a very global & diverse constituency; Principles 7-8 address envt. MDGs begin to address Social Determinants of Health but are not specific
- **Notes:** Not designed to supplant regulatory initiatives; focuses on developing strong partnerships; very ambitious objectives, lacks reporting systems; 7700 participants; very limited resources; complement to specialized codes & standards"

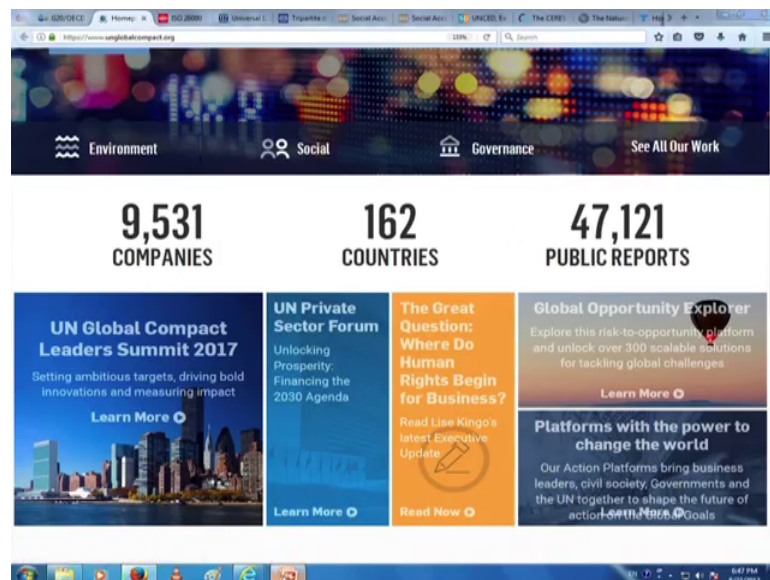


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We have also discussed this in a previous lecture, but I will just remind you here is the website United Nations global compact I have shared this with you in the past. So, you can go to this and you can see what the global compact is all about.

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The question where do human rights begin for business etcetera, you can go through this now a summary of this is again provided by the same author Dimmler and the author says that this applies to governments and businesses I have read this. So, the theme of the UN global compact is that it applies to governments and businesses. The components



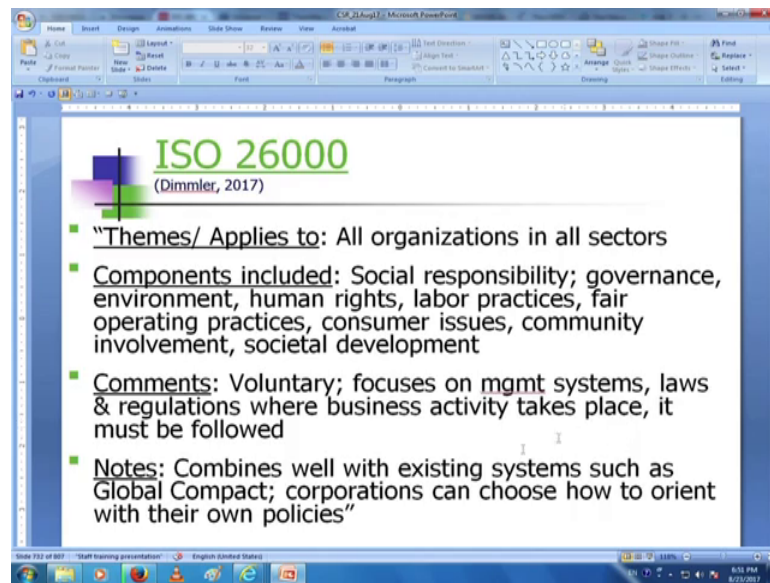
that are included are environment human rights and worker rights as opposed to you know here you have law and investment and industrial relations and employment regulation also here you talking more about rights, it is environment it is rights, it is workers' rights.

The comments are that this focuses on development it lacks specificity because it is designed to address a very global and diverse constituency. Principle 7 to 8, 7 and 8 address envt short form for environment, I was just trying to say the space on the slide addresses environment millennial development goals environment. MDGs refers to millennial development goals begin to address social determinants of health, but are not specific. Now we had talked about the sustainable development goals in a previous lecture.

So, millennial development goals are a precursor to the sustainable development goals. So, what this says is that millennial development goals are true and again this was designed in the year 2000. So, this was before the sustainable development goals came into the picture millennial development goals were still being talked about and they begin to address social determinants of health, but they are not specific. Some notes that the author has provided after going through these guidelines are that this is not designed to supplant regulatory initiatives, it is not there to replace the regulatory initiatives by the government. It focuses on developing strong partnerships very ambitious objectives lacks reporting systems it consists of 7700 participants, very limited resources and complement to specialized codes and standards, but the author feels that the un global compact should not be used in isolation it should be used to supplement other standardized codes and procedures. So, it adds you know it adds richness to what the other codes provide you with.

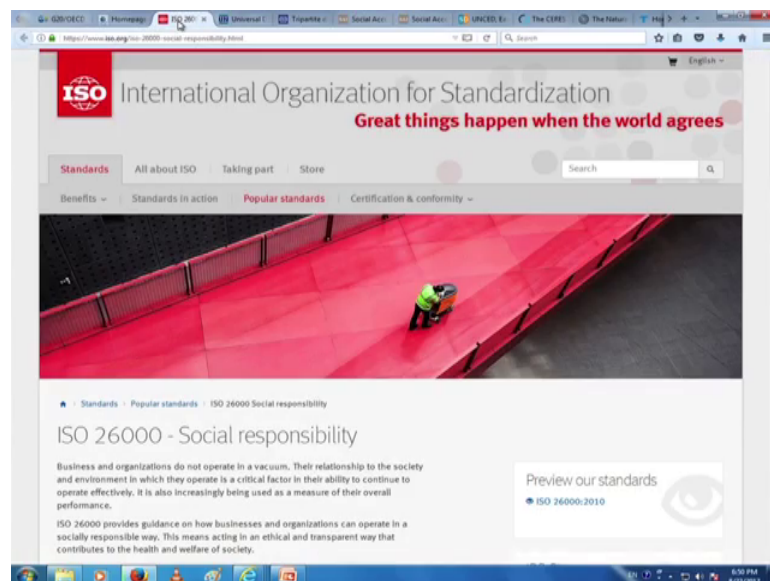
In terms of a quantitative analysis of or a measure of how the organization is contributing to sustainability of the environment of people of the three pillars, which is people planet and profit. So, it how the organization is contributing to sustainability in terms of these three aspects through it is corporate social responsibility activities you know amazing.

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The next one next one here is ISO 26000. Let me show you what this is all about here.

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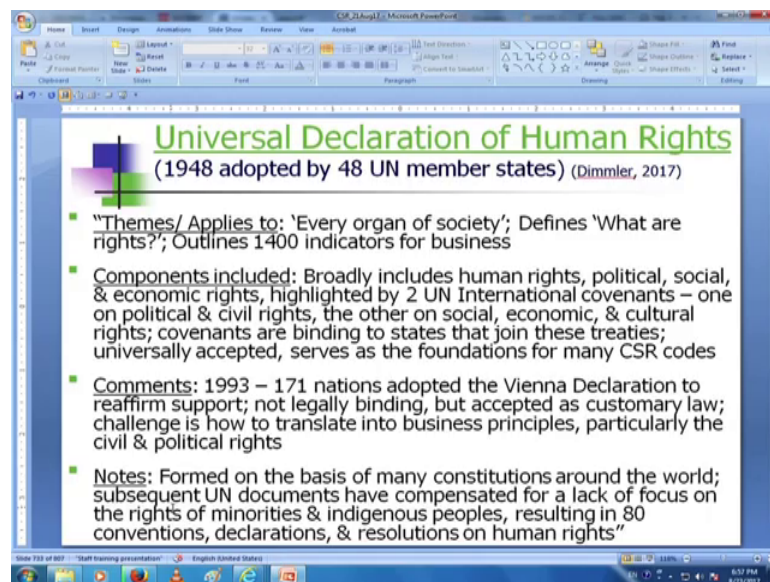
Here is the website, ISO stands for international organization for standardization or international standardization organization they have talked about social responsibility you can go through it. I do not think we have time to play the video I was asked if we wanted to, but maybe not all right.

So, you can go through this and you can see this for yourself maybe I will try we can just leave it you can go do this yourself. Now the theme is that it applies to all organizations

in all sectors. Components included our social responsibility governance, environment, human rights, labor practices, fair operating practices, consumer issues, community involvement and societal development. The comments are that it is voluntary it focuses on mgmt is again short form for management, it focuses on management systems laws and regulations where business activity takes place it must be followed.

So, wherever the laws and regulations are there where business activity takes place in those areas it must be followed. The notes are it combines well with existing systems such as global compact corporations can choose how to orient it with their own policies. So, it is really nice you know this is another initiative that was put in place all right.

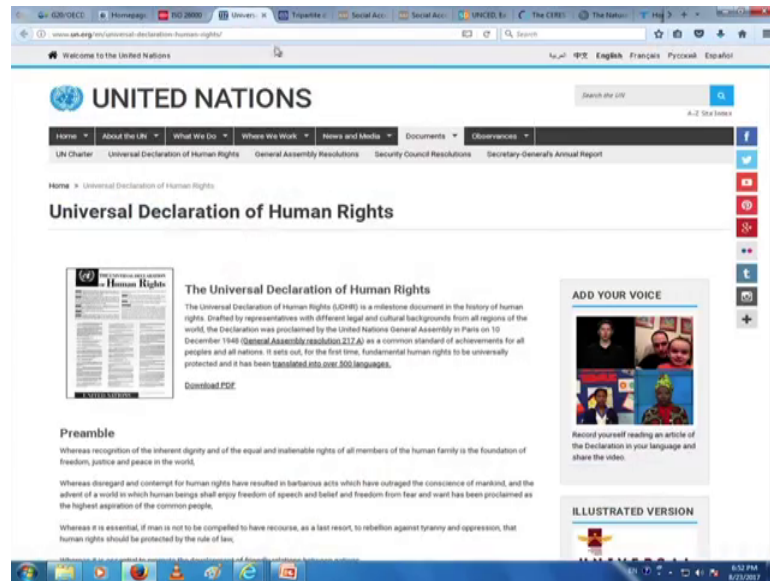
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Let us see what the next one is the next one is universal declaration of human rights number one on this list actually. You know one of the very very first initiatives towards copper towards ensuring a commitment to the environment, these were proposed in 1948 they were adopted by 48 UN member states at that point of time.

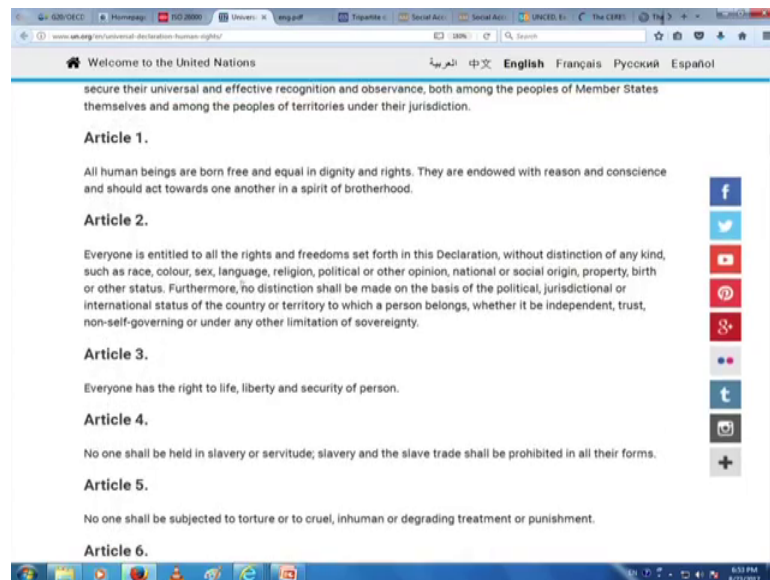
Now, I think the number is over a 140 something or so, let us see I will show you where you can find this declaration here.

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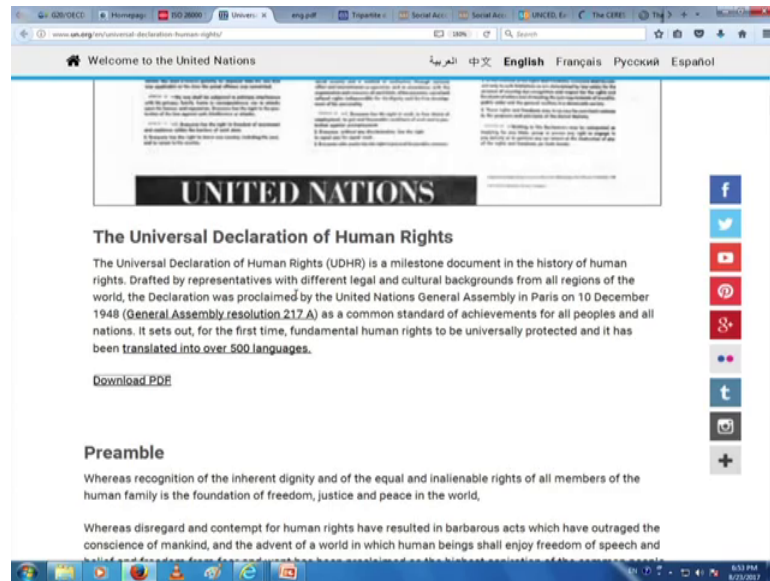
United Nations website the universal declaration of human rights and you can actually go through this and you can read the different articles.

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Article 1, all human beings are born free and equal in dignity and rights again very very interesting you know many of us do not really bother about these things or we do not know that such provisions exist, but that is why I am sharing this with you, you can actually download this document.

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So, it is downloading. So, we will see anyway. So, the whole the whole universe the whole declaration of human rights document is available for free download through this website and here also an html version is given. So, article 2 everyone is entitled to all the rights and freedoms set forth in this in this declaration without distinction of any kind article three right to life etcetera. So, this is what this is about.

Now, the themes are or it applies to every organ of society. Defines what are rights and it outlines 1400 indicators for business. The components that are included are broadly human rights political social and economic rights highlighted by the two international covenants - one on political and civil rights and the other on social economic and cultural rights. Covenants are binding to states that join these treaties. So, all the organize, all the sorry countries that have adopted the universal declaration of human rights are bound to follow these two covenants universally accepted it serves as the foundation for many many CSR codes that is how important the declaration of human rights is. Comments, in 1993, 171 nations adopted the Vienna declaration to reaffirms support.

It is not legally binding, but it is accepted as customary law the challenge is how to translate into business principles particularly the civil and political rights. Now I will share an example with you I have had the opportunity to work on or to evaluate the status of implementation of the convention on the rights of the child. Now this is not the human rights in general, but specifically the rights of the child in one of the states in India and I

mean what I found was amazing you know it is one of course, it is very difficult to implement things as they are so, these rights and their definitions are constantly revised and if you look at the handbook for the implementation of the convention of the CRC the convention on the rights of the child it is this thick it is a big book and there are so many exceptions and so many, so many not exceptions, but so many descriptions of how a particular right is to be interpreted in a specific country.

So, they have taken care of specific contexts the interpretation of different rights in different contexts, but still the challenge remains as to how you can apply this to business and what can businesses do once they even if they understand how this applies to them what should they do and that becomes even more difficult in the case of businesses that are in different countries what kinds of standards should they have, so that the way they do things is uniform. Or more or less similar in different countries in their subsidiaries or their branches in different places or if an organization is there the way that they contribute to the society is more or less similar or somehow in some way equitable or uniform across different industries or across different projects you know I was looking at mega projects we will talk about them a little later.

So, you know, so how do they decide. So, how do businesses adopt the universal declaration of human rights, what do they do in their efforts towards ensuring that these rights are you know given to the society then we come back to corporate citizenship. So, they try and act as helping hands of the government they say yes we will do it. So, the most common method of doing that is right to education and right to health.

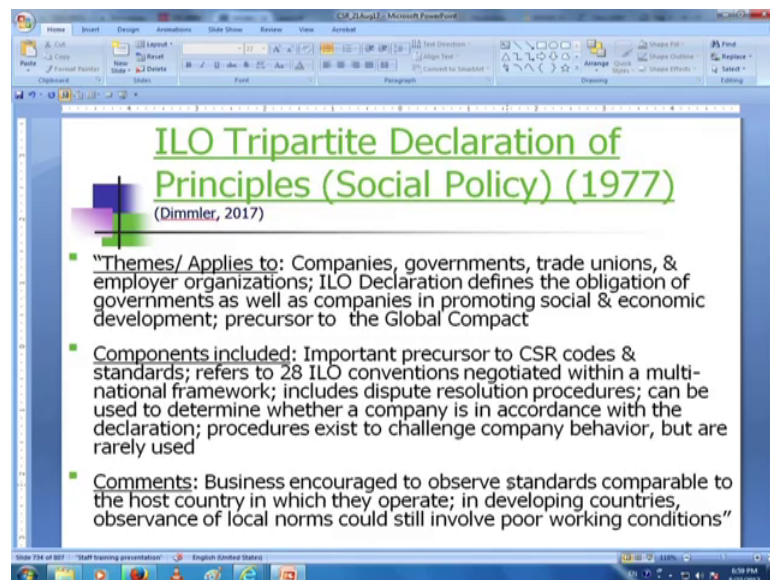
So, they set up schools and they set up hospitals and that is a very very nice initiative and they are slowly adopting more and more programs; however, it becomes very difficult for businesses to really really understand and implement, much more than understand really come up with ways to facilitate the implementation of the un declaration of human rights in different contexts and settings.

The notes here provided by the author are it is formed on the basis of many constitutions around the world. Subsequent UN documents have compensated for a lack of focus on the rights of minorities and indigenous people resulting in 80 conventions declarations and resolutions on human rights. So, different things have been incorporated I am telling

you my personal experience with the CRC and this was before the bombardment of India with a technology.

So, the project that I conducted was you know the work that I did was in the year 2000 and it is been 17 years since then and I am sure that that you know the way things are done has evolved significantly since then. So, you know different contexts are incorporated because this is the United Nations they are trying to cater to a very very diverse a range of cultures and contexts and vagaries you know all over the world. So, all of that is incorporated they are continuously trying to revise things and then provide the world with what they feel should be in some way similar equitable across cultures across countries.

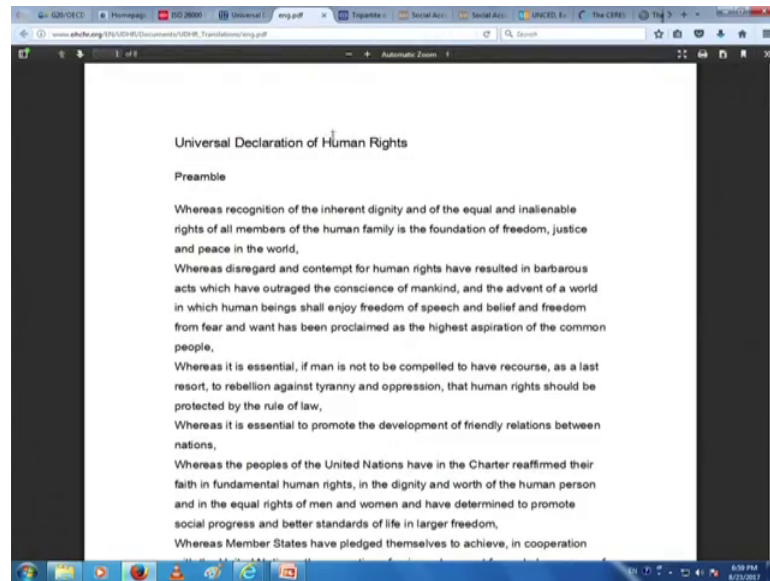
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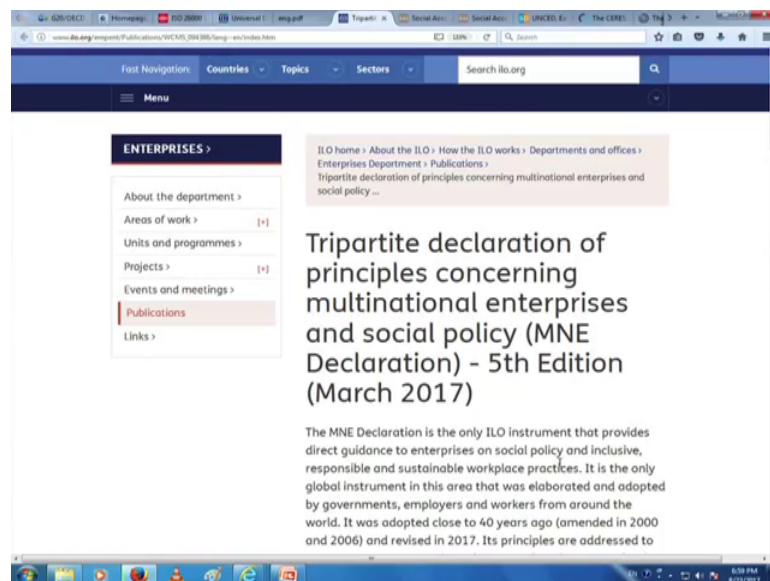
The next one in this list is the ILO tripartite declaration of principles social policy in 1977. So, ILO stands for the international labor organization let me show you this, declaration has downloaded here.



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So, this is the universal declaration of human rights again this is an 8 page document, but the detailed document should be available somewhere on the UN website let us see this. This is the ILO tripartite declaration of principles, concerning multinational enterprises and social policy the latest edition came out in March 2017 probably after this paper was written you can download this and you know, they again the author has of course, mentioned whatever was there before this latest revision.

So, according to the author of the theme what this tripartite declaration of principles applies to is companies, governments, trade unions and employer organizations the ILO declaration defines the obligation of governments as well as companies in promoting social and economic development it is a precursor to the global compact. The components included are important it is an important precursor to CSR codes and standards it refers to 28 ILO conventions negotiated within a multinational framework.

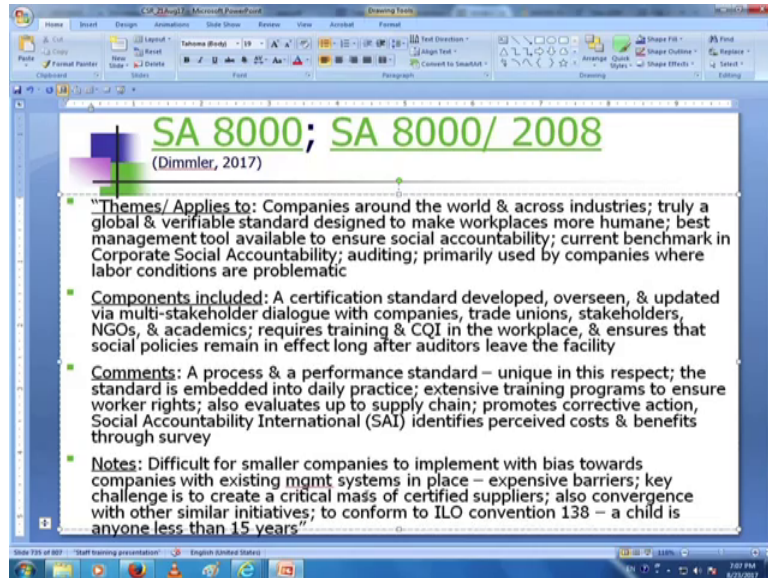
So, I was talking about how the rights you know the human rights are interpreted in different cultures and how organizations implement them this declaration of principles answers those questions to some extent. So, they look after the multinational enterprises specifically and you must go through this, this is a very interesting document if you are interested in how you know CSR is taken care of in different cultures or how through CSR efforts organizations contribute to sustainability in the environment. I think you should definitely read this document especially if you are interested in multinational enterprises.

So, it includes dispute resolution procedures, it can be used to determine whether a company is in accordance with the declaration procedures exist to change challenged company behavior, but our, but are rarely used. So, all of these are suggestions you know these things are these codes are suggestions, some government have adopted them verbatim or as they are and implemented them as laws and rules and regulations. Others have suggested these methods to their organizations or to the organizations operating in their country and said that if you want a standard method of reporting standard method of doing things please go through these principles, if you go through these principles and adopt the suggestions that are given the likelihood of you doing something for the community is very very high that is how they put it.

The comments that the author has provided for this our business is encouraged to observe standards comparable to the host country in which they operate in developing countries observance of local norms could still involve poor working conditions; however, it is very very important for the organizations to adopt whatever the local, to adopt the local culture and to adapt to the local context and environment. So, even and that is where you know when I told you that the interpretations vary and the implementation varies across countries this is why you know for especially for CRC of

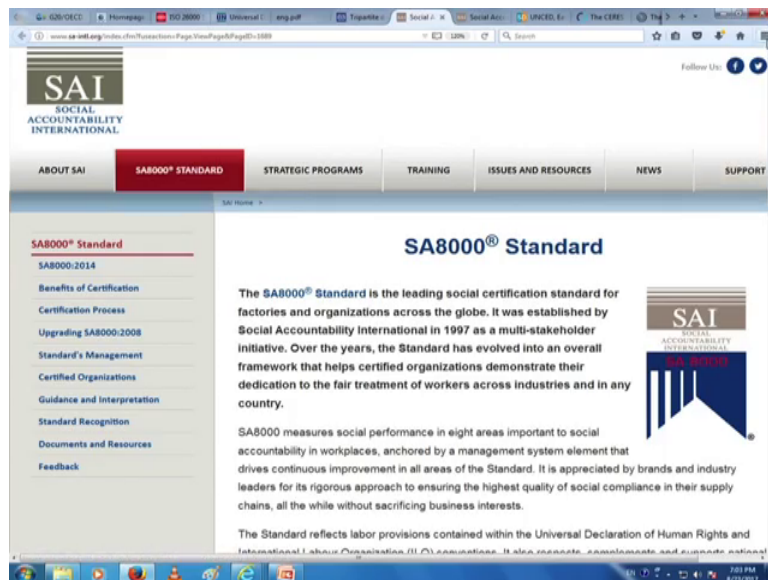
which I have firsthand experience I can tell you that these things are it is very very important to understand how different countries would treat these principles.

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So, this is that all right, the next one is the SA 8000 or SA 8002, sorry 2008.

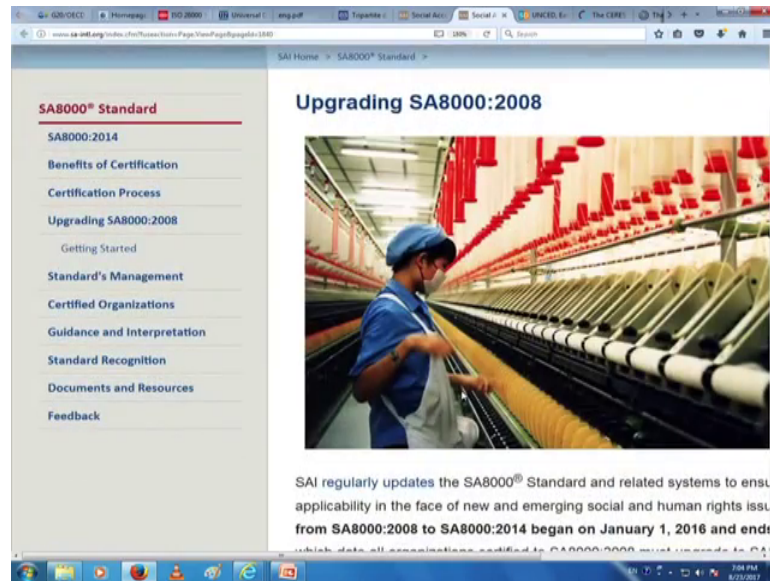
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Now this SA stands for the social accountability international, they have some standards social accountability 2008 standard is there now you know, this is a leading a social certification standard for factories and organizations across the globe, I will just increase the size a little bit more. It was established by social accountability international in 1997

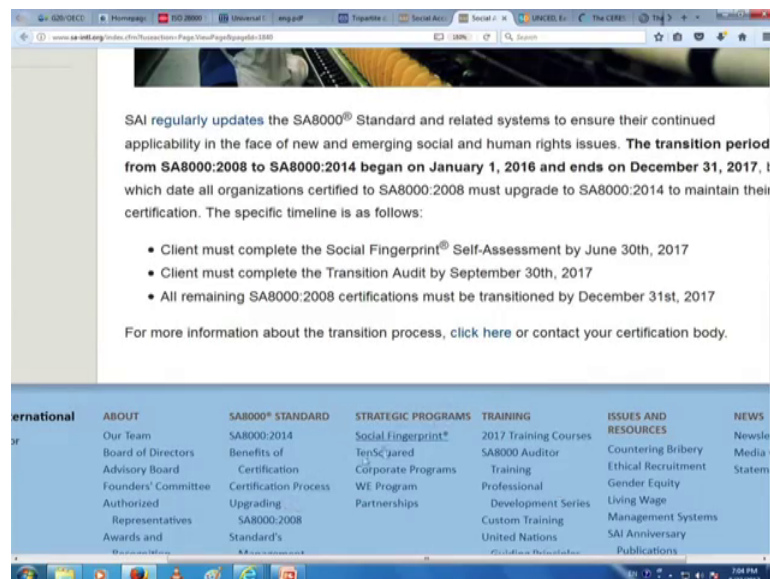
as a multi stakeholder initiative. Over the years the standard has evolved into an overall framework that helps certified organizations demonstrate their dedication to the fair treatment of workers across industries and in any country. So, it is very very interesting. So, you can read through this now SA 2008 is again here. Let me show you that also that is a more that is an upgraded version of the SA 8000.

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So, social accountability international has upgraded it and the upgraded version is also here all right.

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So, you can actually go through this and see how this works. Now the themes are that this applies to the companies around the world and across industries.

It is truly a global and verifiable standard designed to make workplaces more humane. Best management tool available to ensure social accountability, are we really doing what we are expected to do. What is accountability? Accountability refers to the match between the expectations of the beneficiaries and the work that is done by the people who are trying to give something to these beneficiaries. So, the work done by organizations and the expectations of the beneficiaries regarding what they would like done.

So, that is what account that is what social accountability is. So, it is this is the best management tool available to ensure social accountability according to this author you can make your own judgment I am giving you all the details if you are really interested why do not you sit down and again this is not homework this is just a suggestion. If you are really interested please said and go through all of these standards and come up with your own interpretation as to which is the best for your own specific situation or your organization.

It is the current benchmark in corporate social accountability, auditing primarily used by companies where labor conditions are problematic. The components included are a certification standard developed overseen and updated via multi stakeholder dialogue with companies, trade unions, stakeholders, NGOs and academics it requires training and CQI in the workplace and ensures that social policies remain in effect long after the auditors will leave the facility. The comments are a process and a performance, it is a process and a performance standard it is unique in this respect the standard is embedded into daily practice extensive training I am sorry for the spelling mistake here I will fix it maybe even I can do it now.

Extensive training programs to ensure worker rights also evaluates up to supply chain, promotes corrective action social accountability international identifies perceived costs and benefits through the survey. The notes are that it is difficult for smaller companies to implement with bias towards companies with existing management systems in place there are expensive barriers, that the key challenge is to create a critical mass of certified suppliers also convergence with similar initiatives to conform to ILO convention 138

which says that a child is anyone less than 15 years. So, this relates specifically to child labor.

So, it is again, if you are interested you can go through this and you can try and understand this or no more understand of course, you know you will need to know more in order to understand this in greater details. So, that is all we have time for in this lecture. We will continue with more discussion on these course in the next class.

Thank you very much for listening.