

Background lecture 2: The strategic context of CSR

(chapter 3 book Werther & Chandler)

Key focus in this background lecture:

- The strategic context of CSR: vision, mission, strategy and tactics of a company;
- Organizational, environmental and policy constraints
- Sustainability and business competitiveness: the environmental drivers for corporate strategic thinking on CSR

vision, mission, strategy and tactics

example: a food bank

- Vision:
- Mission:
- Strategy:
- Tactics:

Constraints and the need for a strategic lens: CSR filter

Organizational constraints

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Policy

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Constraints.

. tactics → strategy → CSR filter → mission → vision

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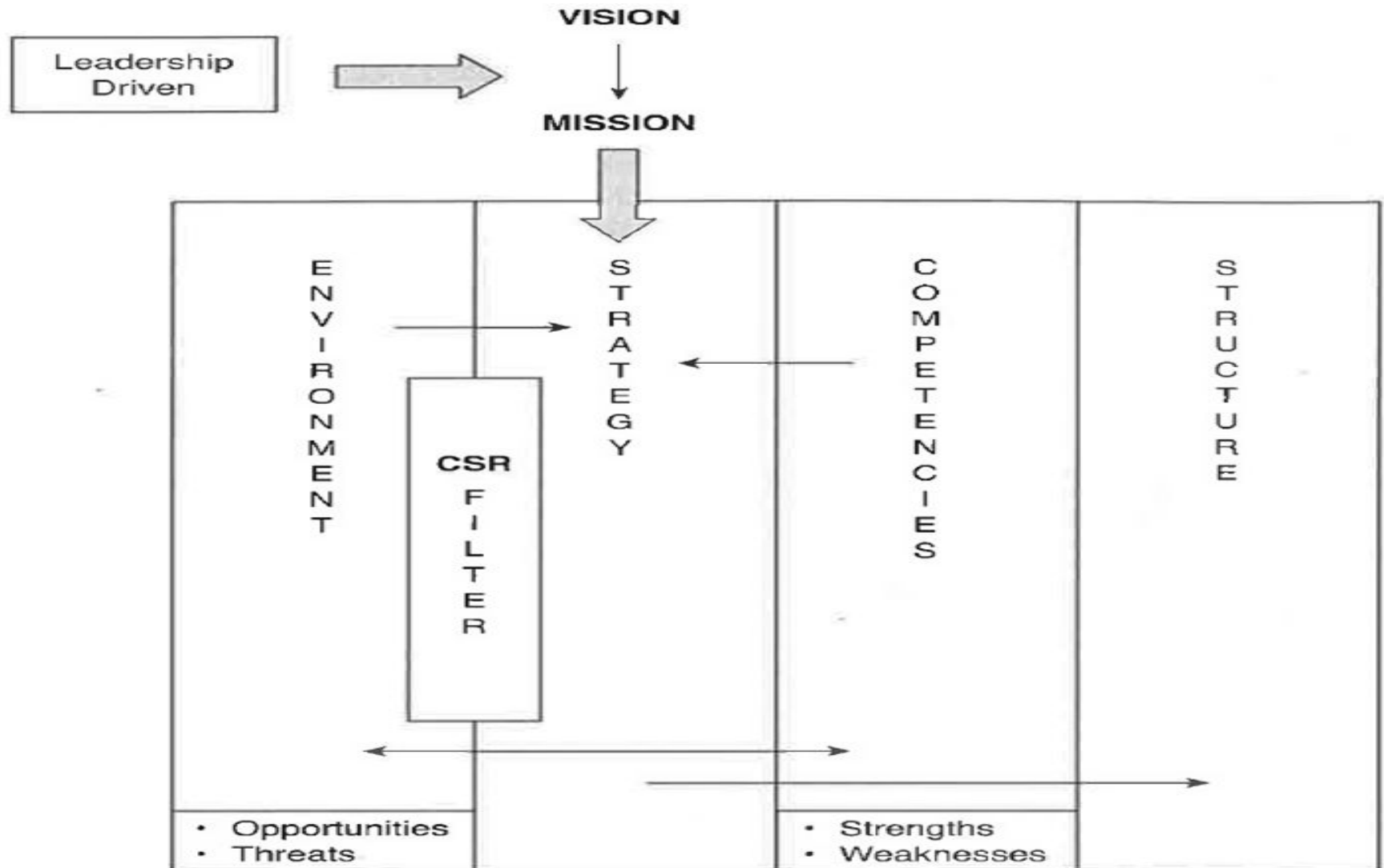
Environmental constraints

Vision, mission, strategy and tactics are limited by these restraints, for example

- Organizational constraints
- Environmental constraints

environmental-strategic-competency-s

structure framework



CSR filter

- A conceptual screen through which strategic and tactical decisions are evaluated for their impact on the firm's various stakeholders.

CSR filter, back to the IKEA example:

The basic thinking behind all IKEA products is that low prices make well-designed, functional home furnishings available to everyone. After all, our vision is to create a better everyday life for the many people.

We are constantly trying to do everything a little better, a little simpler, more efficiently and always cost-effectively. All IKEA units play an important part in creating our low prices which we are then able to offer our customers.

It's all very simple: When we're able to lower our prices, more people can enjoy a better everyday life. [Read more about why we're so obsessed with reducing our prices.](#)

The development of business ethics: the example of North America – 5 stages

TABLE 1.1 Timeline of Ethical and Socially Responsible Concerns

1960s	1970s	1980s	1990s	2000s
Environmental issues	Employee militancy	Bribes and illegal contracting practices	Sweatshops and unsafe working conditions in third-world countries	Cybercrime
Civil rights issues	Human rights issues	Influence peddling	Rising corporate liability for personal damages (for example, cigarette companies)	Financial misconduct
Increased employee-employer tension	Covering up rather than correcting issues	Deceptive advertising	Financial mismanagement and fraud	Global issues, Chinese product safety
Changing work ethic	Disadvantaged consumers	Financial fraud (for example, savings and loan scandal)	Organizational ethical misconduct	Sustainability
Rising drug use	Transparency issues			Intellectual property theft

Source: Adapted from "Business Ethics Timeline," *Ethics Resource Center*, <http://www.ethics.org/resources/business-ethics-timeline.asp> (accessed May 27, 2009). Copyright © 2006, Ethics Resource Center (ERC). Used with permission of the ERC, 1747 Pennsylvania Ave, N.W., Suite 400, Washington, DC, 2006, www.ethics.org.

The development of business ethics:

- **Start with the 1920's in the USA: focus on: living wage; key aspects**
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
- **1930s: economic crisis: US government installed: New Deal, business to work closely with US government;**
- **1950s: civil rights movement in USA;**
- **1960s: continuation of civil rights movement, anti-discrimination; environmental issues i.c. pollution (clean water act, radiation control act) and health and safety on the workplace**
- **1970s: rights of consumers led by Ralph Nader; human rights issues, moral principles to be applied to business – emergence of concept of CSR**
- **1980s: neo-liberal era: laissez-fair economy/free market economy (protagonist: economist Milton Friedman) key aspects:**
 - A.
 - B.
 - C.
- **1990s: despite self-regulation many company scandals; sweatshop issues in developing countries**
- **21st century: further globalization; new non-traditional risk: cybercrime; re-newed financial misconduct; new focus on business ethics;**

The development of business ethics:

Example Sarbanes Oxley Act SOX: aspects:

- 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6.
 - 7.
 - 8.
 - 9.
-
- **Also corporate non-material annual reports, sustainability reports.**
 - **Need to redefine risks: not only traditional risks but also social risks (eg. child labour in the supply chain)**

organization (and on a global scale)

- How can you establish initiatives that make ethics part of organizational values in a company?
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
- Also: whistleblowing procedures being?
- Other overarching initiatives:
 -
 - A) voluntary based compliance initiatives
 - B) legally based compliance initiatives
 - C) Set standards (on company level, on industry brach, sector level, regional or global/universal level);
 - Examples: SA 8000, Global Reporting Initiative/GRI, Ethical Trading Initiative
 - D) Prevent greenwashing, being? Example?
 - Legal vs voluntary: Act= legal; Global Compact = voluntary