

Corporate social responsibility

Nowadays, 21st century businesses must take into account the full cost involved in doing business and that, according to John Elkington, includes the financial, social and environmental performance of a company over a period of time, in other words a company must measure its “**triple-**

bottom” lines: **profit, people and planet.**

One of the strategies that allows for the implementation of this system of measurement is Corporate Social Responsibility (CSR).



Corporate Social Responsibility has become one of the standard business practices of our time. It is the sense of responsibility a business has towards the environment and the society it operates in. It includes all the initiatives, policies and procedures a company undertakes to pursue its profits while altogether preserving the environment, protecting the social community it works in and for, and involving all its stakeholders in the process.

Generally, such initiatives involve costs which do not immediately generate profit for the business, but which, in the long term, promote a positive corporate image and improve the company's reputation on the market: companies that actively promote CSR programmes are viewed much more favourably than others who do not, in fact a positive vision that goes beyond crude profit certainly warms the heart and the wallets of customers. In general, the overall aim of promoting such CSR programmes is to achieve a positive impact on society while favouring the creation of a shared set of values among owners, employees, shareholders and stakeholders.

There are two types of CSR: the first consists of businesses which provide funding and resources for social and environmental causes, the latter consists in

planning a way to produce products or offer services that will benefit society. However, it is important to distinguish it from the concept of fair trade. While fair trade is about guaranteeing better prices, decent working conditions and local sustainability to farmers and workers in developing parts of the world and fighting the injustices of conventional trade, CSR is about conducting business in an ethical way, producing a positive impact on society in general.

In 2010 the International Organisation for Standardisation (ISO), after five years of negotiations among many stakeholders from around the world (representatives from governments, NGOs, industry and consumer groups, and labour organisations), released ISO 26000, a set of standards which businesses may decide voluntarily to follow. They are meant to help clarify what social responsibility is, to share the best practices and to give an idea on how to translate its principles into effective actions.

Ethical consumerism is the answer of customers to CSR, that is the practice of buying products and services produced and distributed in a way that minimises the negative impact on both society and the environment and that respects an ethical idea of trade. Such an idea includes the respect of certain human rights, labour standards, environmentally friendly production methods, safe raw materials and a short production and distribution supply chain.





1 BEFORE READING. **PAIR WORK** Look at this picture and try to describe what corporate social responsibility is, using your own words.



2 Read this article and say whether the sentences are true or false. Correct the false ones.



What Is a 3P Triple Bottom Line Company?

The term “3P” refers to a business model developed to encourage social responsibility and sustainability among businesses worldwide. The corporations which adopt these standards are known as “triple bottom line,” or TBL, companies. This term is attributed to John Elkington, founder of the consulting firm SustainAbility, and author of *Cannibals with Forks: the Triple Bottom Line of 21st Century Business*. The three Ps stand for “people, planet and profit.”

People: A triple bottom line organisation takes steps to ensure that its operations benefit the company’s employees as well as the community in which it conducts business. Human resources managers of TBL entities are concerned, not just with providing adequate compensation to its workers, but also with creating a safe and pleasant working environment and helping employees find value in their work. TBL companies actively seek positive ways to contribute to the community through activities, such as charitable contributions, education programmes and equal opportunity employment.

Planet: A TBL company avoids any activities that harm the environment and looks for ways to reduce any negative impact its operations may have on the ecosystem. It controls its energy consumption and takes steps to reduce its carbon emissions. Many TBL companies go beyond these basic measures by taking advantage of other means of sustainable development, such as using wind power. Many of these practices actually increase a company’s profitability while contributing to the health of our planet.

Profit: In the past, profitability was considered the only important factor in a company’s bottom line, but businesses today have had to expand their thinking in this regard. The book, *The Triple Bottom Line: How Today’s Best-Run Companies Are Achieving Economic, Social, and Environmental Success—and How You Can Too*, by Andrew W. Savitz, offers the following insight on this aspect of the triple bottom line: “In today’s interconnected world, thinking about profits as if they were unrelated to the economic and social impacts of what you do to get them is shortsighted and counterproductive.”

Adapted from: <http://smallbusiness.chron.com/3p-triple-bottom-line-company-4141.html>

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|---|--------------------------|--------------------------|
| 1. A Triple bottom line company pursues social responsibility and sustainability. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. John Elkington was the first to found a triple bottom line company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. A company’s employees are excluded from the strategies of a TBL company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. TBL companies actively try to improve the community by funding events, campaigns, and educational and equal opportunity employment projects. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. The environment cannot be harmed if a company seeks to be called a TBL company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. It is not possible to increase profits while protecting the environment at the same time. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Profits have been and still are the only important factor guiding a business. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. It is not profitable to overlook the major social and environmental impacts brought about by profits. | <input type="checkbox"/> | <input type="checkbox"/> |



3 Watch this video on corporate social responsibility and answer the questions.

► What is Corporate Social Responsibility posted by Business Wales/Busnes Cymru

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| 1. What kind of concern is increasing among businesses? | 7. What four areas describe the scope of a business’s responsibilities? |
| 2. List at least five things that businesses are asked to do nowadays. | 8. Are these four areas common to any business? |
| 3. What is the main goal of a company? | 9. When is it a good idea to start applying CSR principles? |
| 4. What does CSR mean, in a few words? | 10. Are the results of the application of CSR principles only visible in big businesses? |
| 5. Who is it a good idea to keep good relationships with? | |
| 6. Why would such an approach be useful? | |