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Corporate Social Responsibility (CSR) Dynamics & Strategies

Zhongxue LI
李仲学
Department of Mineral Resources Engineering

Outline

- Introduction
- Characterization
- Strategies & tactics
- Remarks

Introduction to CSR

- Publicly, CSR as a path to sustainable development(SD) is recognized over world
- Significance of CSR has been highlighted by *The Future We Want*, the outcome document adopted at Rio+20/UNCSD in June, 2012
- to support national regulatory & policy frameworks that enable business & industry to advance SD initiatives taking into account the importance of CSR
- to call on the private sector to engage in responsible business practices, such as those promoted by the UN Global Compact

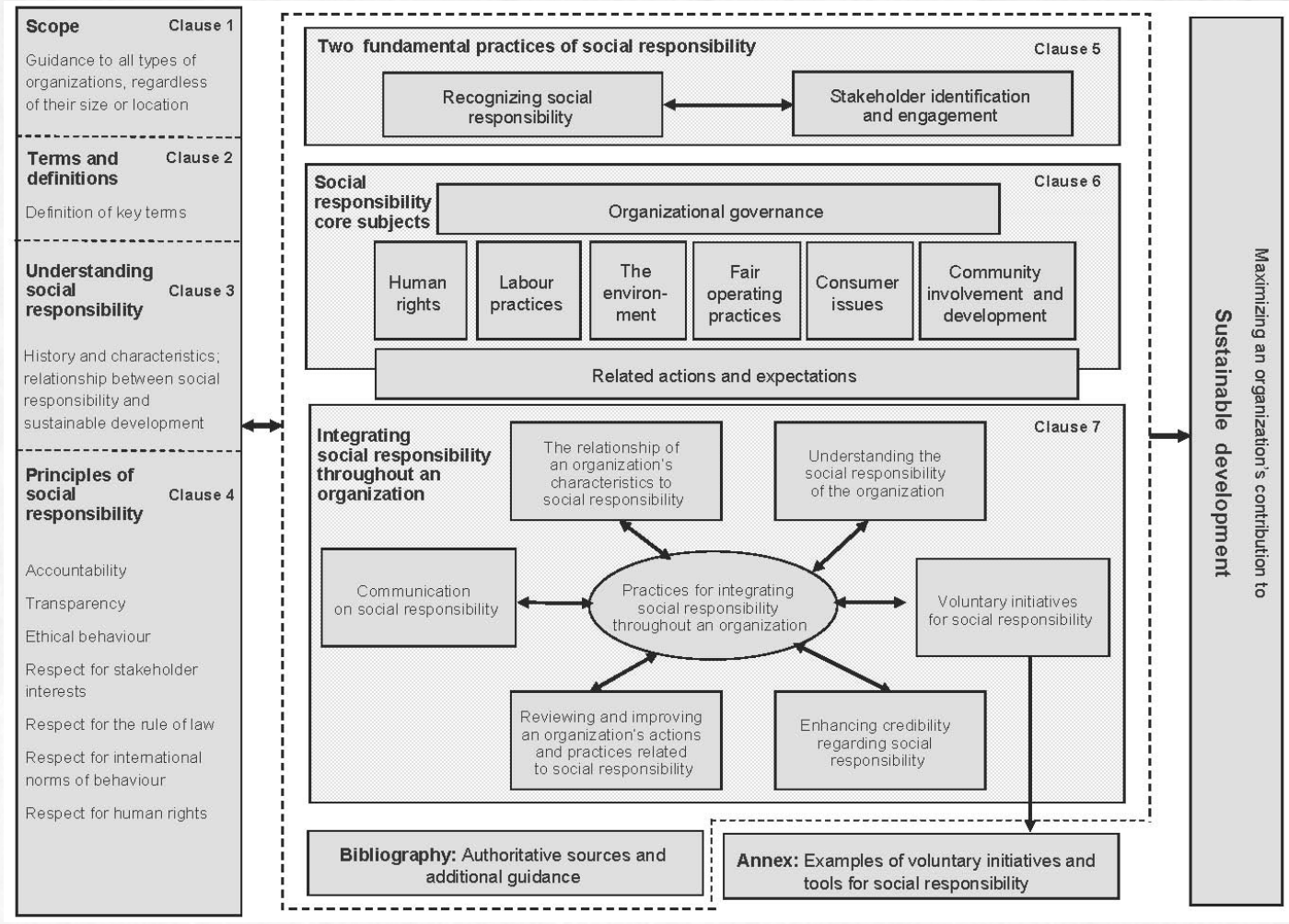
Introduction to CSR

- Privately, Int. Council on Mining & Metals (ICMM) catalyzes environmental & social performance improvement in MMI
- It brings together 22 MM companies & 34 associations to address the core SD & CSR challenges, such as effects of carbon pricing schemes on competitiveness of the industry, climate change revenue recycling schemes, & climate change-related adaptation strategies for the industry
- BHP Billiton, Anglo American, Codelco, Freeport-McMoRan Copper & Gold, Newmont, Rio Tinto, Vale, Xstrata

Introduction to CSR

- Civically, a key milestone is laid by the standard of ***Social Responsibility Guidance***
- It indicates a worldwide consensus on CSR issue and its solution among stakeholders, containing 7 clauses & focusing on
- 7 principles: accountability, transparency, ethical behavior, & respect for stakeholder interests, human rights, rule of law, INB
- 7 core subjects: organizational governance, human rights, labour practices, environment, fair operating practices, consumer issues, community involvement & development
- 7 aspects of guidance

Introduction to CSR



Introduction to CSR

- Academically, International CSR Conference at Humboldt-Universitat zu Berlin series , as a platform for multi-stakeholder dialogues since 2004 has been exploring the themes of CSR & sustainability in all their various dimensions such as
- new forms of SH governance & legitimacy & effectiveness of global CSR standards
- CSR networks & co-operations
- responsible supply chain management
- sustainable energies, climate change, & carbon footprint strategies
- CSR measurement & management models

Characterization of CSR

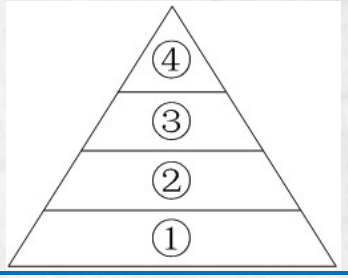
CSR Definitions

Adam Smith 1750s

- The unfettered free market does not always perform perfectly
- Participants must act honestly & justly if the ideals of free market are to be achieved

A B Carroll 1990s

- Pyramid model
- economic; legal; ethical; philanthropic



ISO 26000 2010

- Responsibility for impacts of decisions & activities on society & environment through transparent & ethical behavior that contributes to SD
- Takes into account stakeholders expectations
- Complies w/applicable law & consists w/INB
- integrated into organization & practiced in its activities within its sphere of influence

Characterization of CSR

Universality

- Dual existence w/objectivity as capability & subjectivity as decisions & activities
- Of all types of corporations in the private, public & nonprofit sectors, whether large or small, & whether operating in developed or developing countries

Diversity

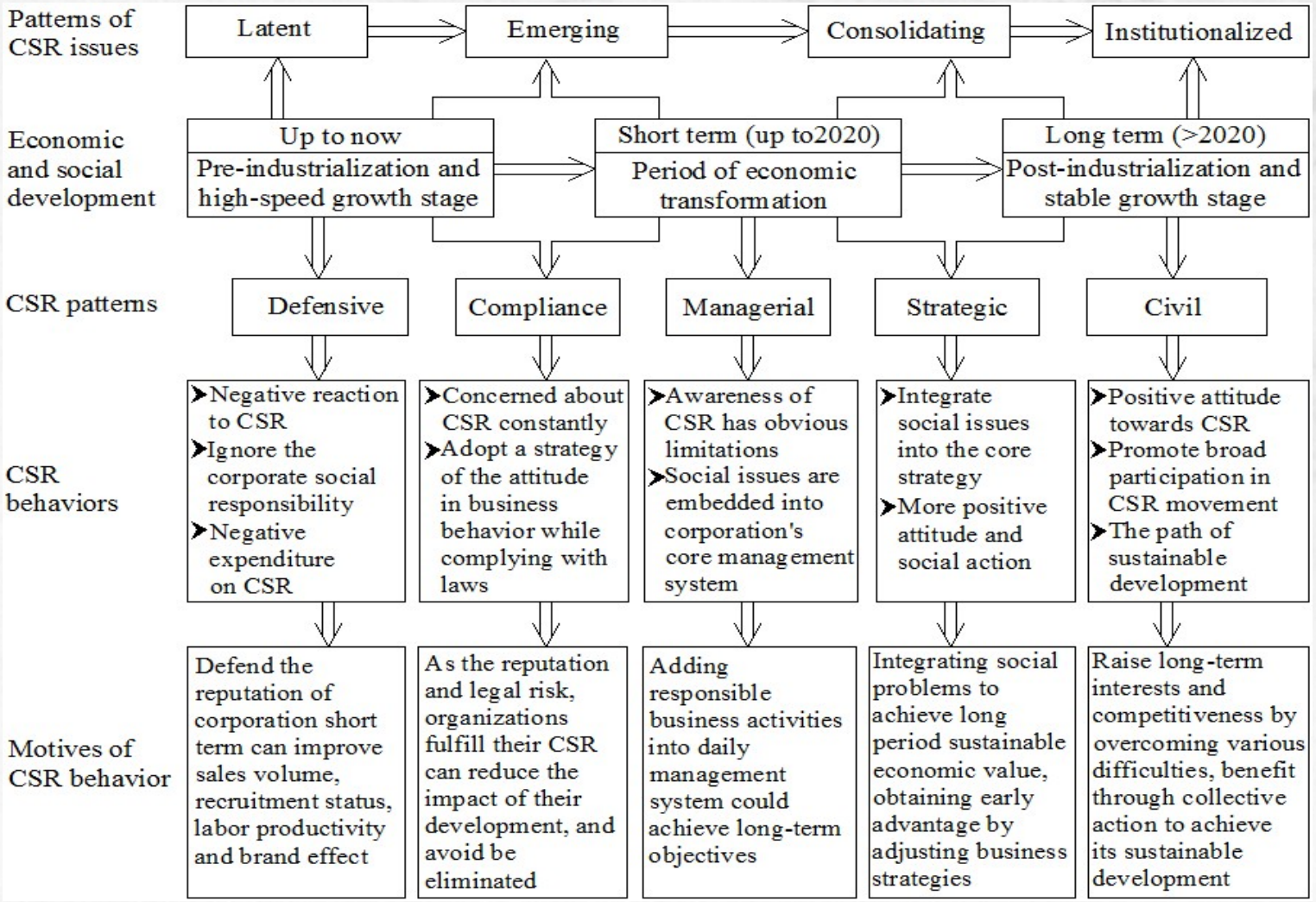
- CSR issues and extents are depending upon corporate attributes such as ownership & governance, types & sizes, competency & market shares, & contexts & circumstances in which corporations operate

Time dependency

- CSR is time dependent
- Stakeholder expectations & CSR scope, extent & capacity evolve over time
- Corporate behavior on CSR issues changes with the life cycle of corporations & the level of economic & social development

Characterization of CSR

CSR Dynamics



Characterization of CSR

CSR Modeling

$$CSR \ni \left(\vec{E}, \vec{L}, \vec{M}, \vec{P}\right) = f\left(\vec{D}, \vec{T}, \vec{C}, t\right)$$

Where:

$\vec{E}$: the vector or set of indicators for economic responsibility;

$\vec{L}$: that of legal responsibility;

$\vec{M}$: that of ethical responsibility;

$\vec{P}$: that of philanthropic responsibility;

f: function of determinants or factors which contribute to CSR;

$\vec{D}$: the vector or set of factors indicating corporate attributes such as TNCs, COCs, LOCs or POCs;

$\vec{T}$: that indicating corporate types and sectors such as the primary, secondary, tertiary or quaternary industries, and the public, private or civic sectors;

$\vec{C}$: that indicating contexts or circumstances in which a corporation operates such as social, economic, political, legal, cultural, technological, and religious conditions;

t : Time.

Strategies & tactics for CSR

Society risk mitigation

Political

- Reform institutional mechanisms & follow the leads in best CSR practices
- Promote transparency, communication & CSR awareness
- Respect for SH interests, rule of law, international norms of behavior & human rights

Social

- Develop multi-SH & multi-level strategies & initiatives
- Enhance partnerships & stakeholder engagement among the three sectors
- Advocate CSR reporting for transparency & visibility
- Disseminate best CSR practices

Strategies & tactics for CSR

Society risk mitigation

Economic

- Promote international exchanges & cooperation
- Adopt green supply chain & procurement
- Develop CSR initiatives at various levels
- Improve continually CSR in view of CSR diversity & dynamics

Technological

- Establish effective R&D systems to advance scientific & intellectual capabilities
- Adopt emerging norms, standards & guidelines
- Promote risk related management systems such as ISO 26000, ISO 14000, OHSAS 18000 & SA8000

Strategies & tactics for CSR

Corporate capacity building

Corporate governance

- Review global & regulatory CSR drivers
- Develop forward-looking strategies & goals
- Design a CSR structure & cross-functional system
- Establish CSR policies, practices & procedures
- Adapt to more advanced CSR stages

Financing

- Match budget to best framework & commit dedicated budget for CSR initiatives
- Do cause marketing
- Promote community investment, employee volunteerism, sponsorships, product give-aways & philanthropy

Strategies & tactics for CSR

Corporate capacity building

Technology

- Integrate CSR into business & spheres of influence
- Adopt cleaner, healthier, safer, ecologically efficient processes, products & services
- Identify key social, environmental & ethical issues & evaluate their impacts

Human resource

- Develop effective staffing plan
- Raise awareness of & reach consensus on CSR through effective learning /training & communication processes
- Respect for human rights & treat employees fairly
- Build a CSR culture

Remarks

- CSR is universal, regardless of corporation types in ppc sectors, whether large or small & whether operating in developed countries or developing ones
- CSR is dynamic over time & space, due to changes in corporate capacity, operating contexts & stakeholder expectations
- CSR issue evolves over the stages such as latent, emerging, consolidating & institutionalized ones
- CSR performance matures through the stages such as defensive, compliance, managerial, strategic & civil ones

Remarks

- To contribute to SD & gain social license to operate, corporations should be responsive, proactive & adaptive in taking social responsibilities, commensurate to their differentiated capacities & diverse contexts in which they operate
- CSR strategies & tactics are also highlighted for the whole society to mitigate political, social, economic & technological risks, & for corporations to build corporate governance, financing, technology & human resource capabilities

Thank you for your attention

zxli@ustb.edu.cn
+86 10 62333454
+86 13910761199

Department of Mineral Resource Engineering, USTB