Corporate Social Responsibility (CSR)
Dynamics & Strategies

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Outline

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Strategies & tactics

Remarks
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
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.
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

- 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

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Characterization of CSR

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

- Pyramid model
  - economic; legal; ethical; philanthropic

- 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

CSR Definitions

- Adam Smith
  - 1750s

- A B Carroll
  - 1990s

- ISO 26000
  - 2010

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Characterization of CSR

- 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

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

- 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

Patterns of CSR issues
- Latent
- Emerging
- Consolidating
- Institutionalized

Economic and social development
- Up to now
  - Pre-industrialization and high-speed growth stage
- Short term (up to 2020)
  - Period of economic transformation
- Long term (>2020)
  - Post-industrialization and stable growth stage

CSR patterns
- Defensive
- Compliance
- Managerial
- Strategic
- Civil
  - Concerned about CSR constantly
  - Adopt a strategy of the attitude in business behavior while complying with laws
  - Awareness of CSR has obvious limitations
  - Social issues are embedded into corporation’s core management system
  - Integrate social issues into the core strategy
  - More positive attitude and social action
  - Positive attitude towards CSR
  - Promote broad participation in CSR movement
  - The path of sustainable development

CSR behaviors
- Defensive
  - Negative reaction to CSR
  - Ignore the corporate social responsibility
  - Negative expenditure on CSR
  - Defend the reputation of corporation short term can improve sales volume, recruitment status, labor productivity and brand effect
- Compliance
  - As the reputation and legal risk, organizations fulfill their CSR can reduce the impact of their development, and avoid be eliminated
  - Adding responsible business activities into daily management system could achieve long-term objectives
- Managerial
  - Integrating social problems to achieve long period sustainable economic value, obtaining early advantage by adjusting business strategies
- Strategic
  - Raise long-term interests and competitiveness by overcoming various difficulties, benefit through collective action to achieve its sustainable development
- Civil
Characterization of CSR

\[ CSR \ \mathcal{E} (\bar{E}, \bar{L}, \bar{M}, \bar{P}) = f(\bar{D}, \bar{T}, \bar{C}, t) \]

Where:
- \( \bar{E} \): the vector or set of indicators for economic responsibility;
- \( \bar{L} \): that of legal responsibility;
- \( \bar{M} \): that of ethical responsibility;
- \( \bar{P} \): that of philanthropic responsibility;
- \( f \): function of determinants or factors which contribute to CSR;
- \( \bar{D} \): the vector or set of factors indicating corporate attributes such as TNCs, COCs, LOCs or POCs;
- \( \bar{T} \): that indicating corporate types and sectors such as the primary, secondary, tertiary or quaternary industries, and the public, private or civic sectors;
- \( \bar{C} \): that indicating contexts or circumstances in which a corporation operates such as social, economic, political, legal, cultural, technological, and religious conditions;
- \( t \): Time.

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Strategies & tactics for CSR

**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

Society risk mitigation

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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

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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

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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.

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Thank you for your attention

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