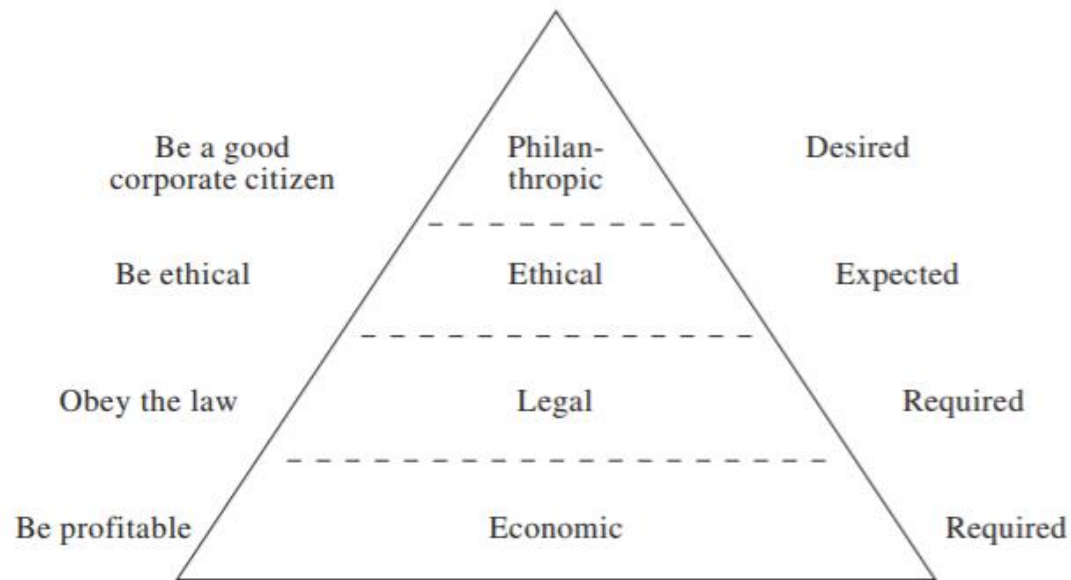


Position of Corporate Responsibility in a Management of the Company

Anna Kittsteiner, Jimi Nissinen, Kristin Philipp, Marianne Viitanen

Carroll (1991)

Figure 1
Carroll's (1991) Pyramid of Corporate Social Responsibility



- Economic
- Legal
- Ethical
- Philanthropic

Source: A. B. Carroll, "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders," *Business Horizons* (July–August 1991): 39–48.

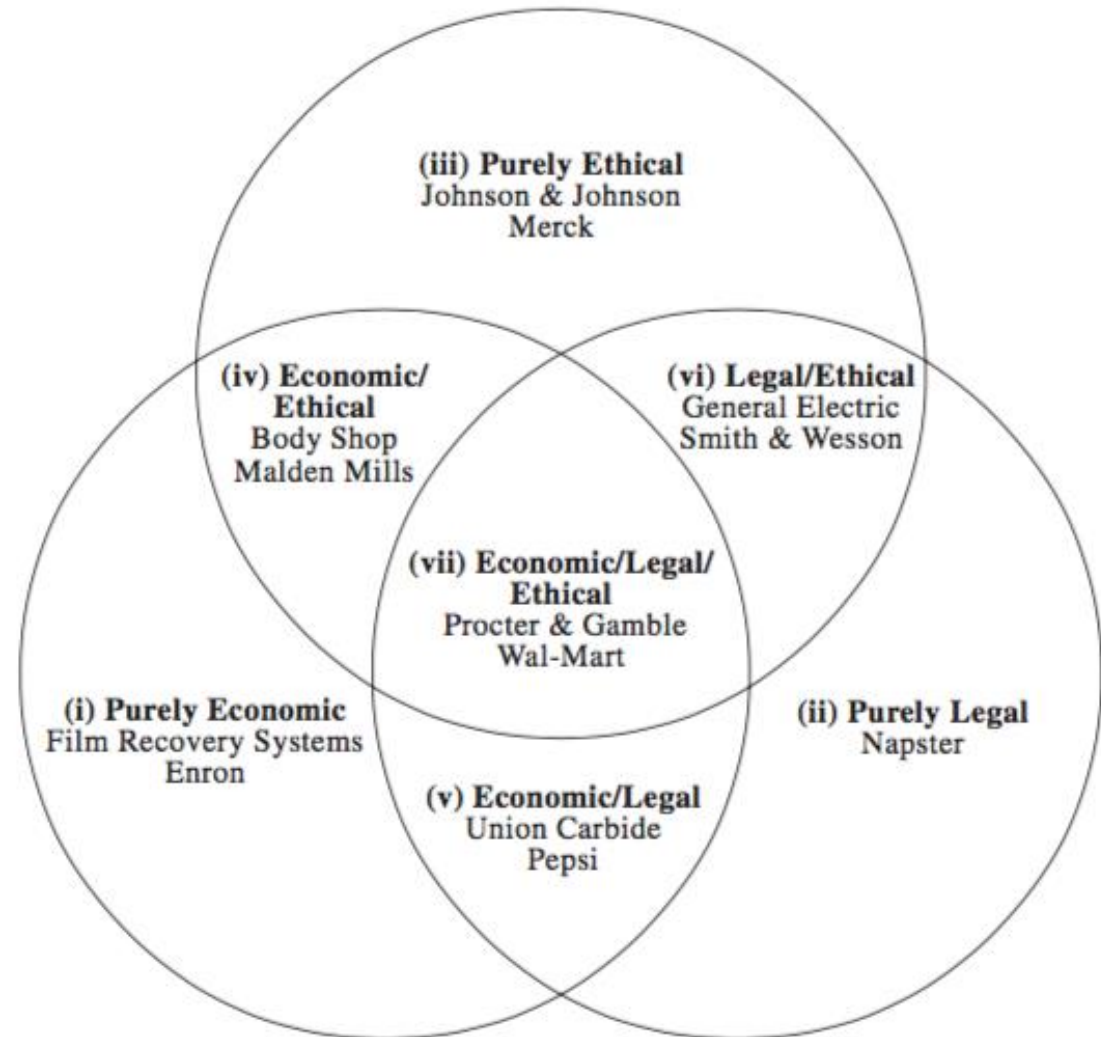
Carroll

- Carroll has stated that ethical responsibility consist of general expectations by society and is over economic and legal expectations.
- He has also said that without economical dimension (profit) every other part of the csr pyramid would be only debatable considerations.
- CSR is essential for the companies to survive in the market and it presents everything that society expects of the responsibilities of organizations.

Carroll and Schwartz (2003)

- The three domains:
 - Ethical
 - Legal
 - Economic

Figure 3
The Three-Domain Model of Corporate Social Responsibility:
Corporate Examples



Comparison

- **Issues** with Carroll's Model:
- Approach doesn't fit for all applications: pyramid suggest some kind of hierarchy but this wasn't the intendance of Carroll
- The pyramid can not represent the overlapping nature of the domains
- Philanthropy is not considered a duty or social responsibility of companies (unnecessary). It would be better to make a category like ethical and/or economic responsibilities. When companies engage in philanthropy they are acting out of economic motives, based on economic responsibility
- Incomplete definition of the four domains. Companies can not decide, if the fall into a category

Knorr-Bremse (profit oriented)

- Global market leader for braking systems
- Company has created the CR Council as a discussion and decision-making body.
- Tools:
 - **Creating awareness among employees**
 - **Process integration**
 - **Materiality Analysis**

Materiality matrix



Materiality Analysis

Example (profit oriented): KONE - a global leader in the elevator and escalator industry

	Management systems and certificates	Management bodies in KONE
Economic responsibility	Finnish Corporate Governance Code, internal control, internal auditing	Board of Directors, Executive Board, President and CEO, Annual General Meeting, Internal Audit function
Social responsibility	KONE Code of Conduct, KONE's Competition Compliance Policy, KONE Supplier Code of Conduct, KONE Distributor Code of Conduct, OHSAS 18001 Occupational health and safety management system	Board of Directors, Executive Board, President and CEO, Internal Audit function, Global Compliance Committee
Environmental and product responsibility	ISO 14001 Environmental management system, ISO 9001 Quality management system, ISO 25745 Energy performance of lifts, escalators and moving walks, KONE's Supplier Excellence Certification, ISO 50001 Energy Management System, LEED, BREEAM or other green building certification systems	Board of Directors, Executive Board, President and CEO, Quality and Solution Board

Source: KONE Sustainability Report 2017.

Basic information about NPO and CSR

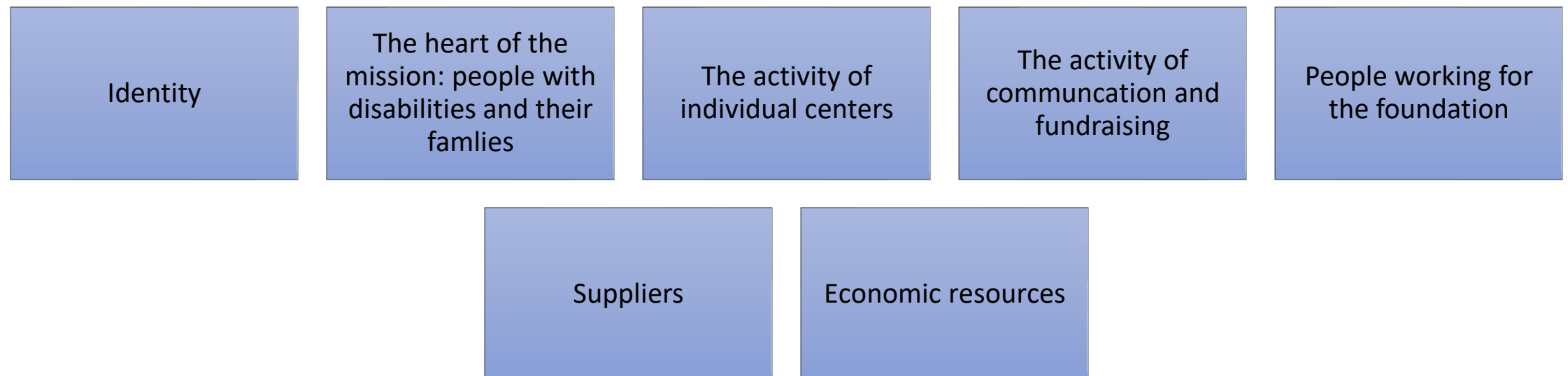
(not final slide, just the information)

- Findings from Water and Ott (2014): Nonprofit organizations are uncomfortable with the term “corporate social responsibility.” This is due to their status as a nonprofit and because they see the term as corporate strategy, not relevant to the public sector
- The second important finding in this study is that nonprofits are not communicating about their social and environmental responsibility unless it is directly related to their mission because they believe stakeholders will see these efforts as distracting from the purpose of the non-profit
- As one participant noted, “We just work to do good—good for the community and good for ourselves.” Nonprofit leaders maintain that that good work should be its own reward. They believe publicizing their corporate social responsibility efforts takes away from the good and becomes a business strategy, which is a step that some nonprofit sector leaders do not wish to cross even though one executive director from a sexual-health nonprofit recognized, “We aren’t just touchy-feely organizations. We are businesses, but it’s a fine line we walk when working with community supporters.” For now, nonprofit organizations walking that line require a delicate balancing act of stakeholder

→ *Waters, R. D., & Ott, H. K. (2014). Corporate social responsibility and the nonprofit sector: Assessing the thoughts and practices across three nonprofit subsectors.*

Example of the position of CSR in a nonprofit organization: Fondazione Renato Piatti Onlus

- Established in 1999, providing services for disabled people and their families
- In 2009: presentation of the first report for sustainability including information of all activities of the organization, although it is not obligated by law
- This resulted in the formulation of a social balance of the company which is separated into 7 main sections



Results / summary

- CSR becoming more and more important for companies
 - Reputation among future employees
 - Transparency

- New challenges
 - Globalization
 - Environmental issues

Sources:

- Carroll, A. & Schwartz M. (2003) Corporate Social Responsibility: A Three-Domain Approach. Business Ethics Quarterly.
- Franciane Reinert Lyra, Maria José Barbosa De Souza, Miguel Angel Verdinelli, Jeferson Lana, (2017) "Corporate social responsibility: comparing different models", Social Responsibility Journal.
- *Waters, R. D., & Ott, H. K. (2014). Corporate social responsibility and the nonprofit sector: Assessing the thoughts and practices across three nonprofit subsectors.*

Thank you for your attention!