

# CORPORATE RESPONSIBILITY IN THE RELATION TO WORKING

## CONDITION OF THE HUMAN CAPITAL OF THE COMPANY

Course of Corporate Responsibility in Practice 2017/18

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# *Agenda:*

- Definition and benefits of Corporate Responsibility
- Theory approaches to CSR
- The Future of Work: CSR attract top talent
- Why are companies engaged in CSR
- Definition and assumptions of Human Capital
- Condition of Human Capital in the Company
- Source of Human Capital differences
- CSR and workind condition: examples
- How to improve the relation between CSR and Human Capital
- Conclusion

## ***Corporate Responsibility: definition...***

Corporations have a responsibility to those groups and individuals that they can affect, its stakeholders, and to society at large. In any case corporate responsibility consists of earning a license to operate by creating value for stakeholders, including shareholders, and society.

Corporate responsibility includes being consistent with ethical principles and conduct such as honesty, integrity and respect for others. By voluntarily accepting responsibility for its actions corporations earn their license to operate in society.



# *Three Approaches to Corporate Responsibility*

According to the traditional view of the corporation, it exists primarily to make profits. But company must apply to moral dilemmas as:

- “What obligations do organizations have to ensure that individuals seeking employment or promotion are treated fairly?”
- “How should conflicts of interest be handled?”
- “What kind of advertising strategy should be pursued?”

There are three theoretical approaches to these new responsibilities:

- Corporate social responsibility (CSR)
- The triple bottom line
- Stakeholder theory

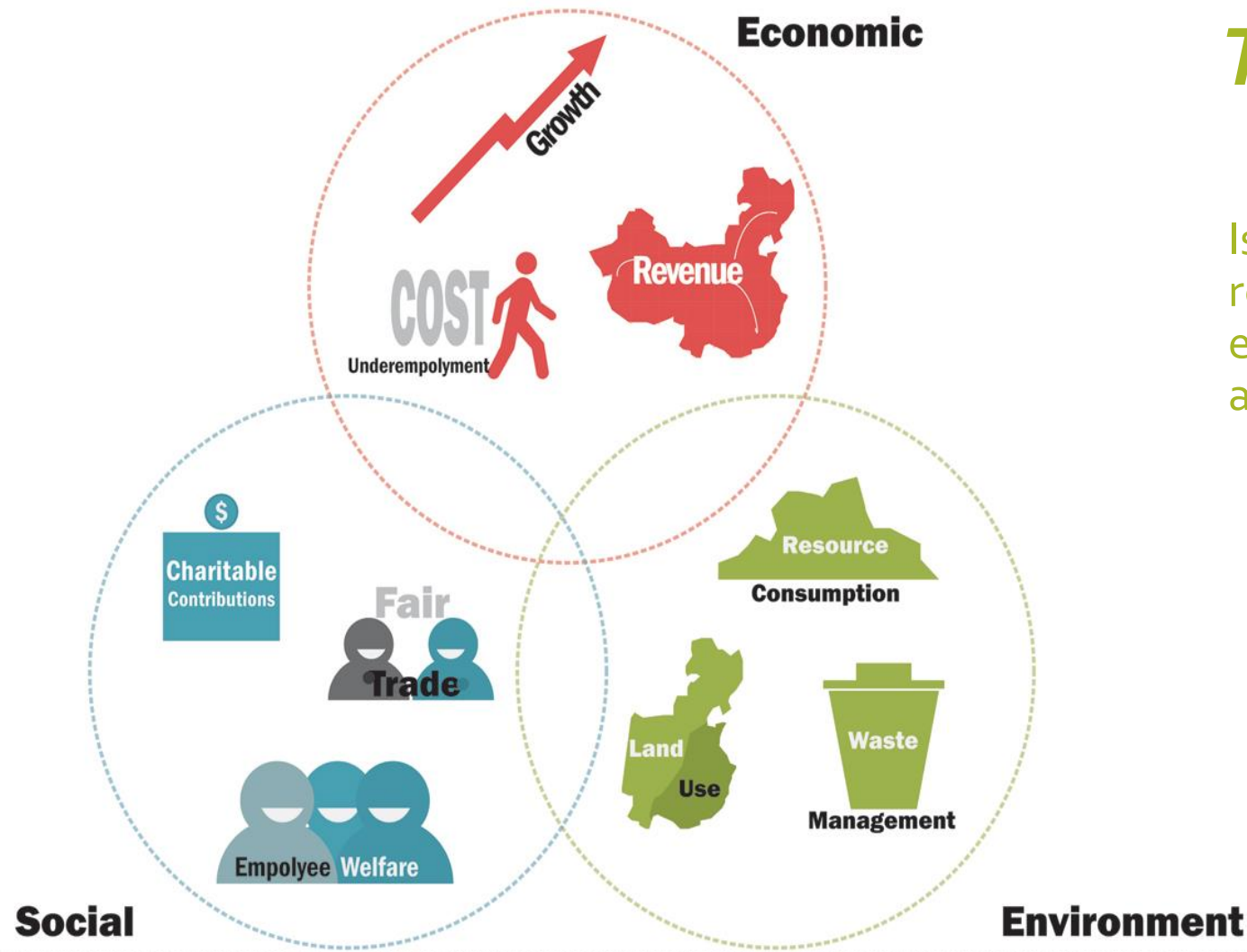
# *Basic structures of Corporate Responsibility*



Conceptualized as a pyramid constituting of four kinds of responsibilities that must be considered simultaneously: economic, legal, ethical and philanthropic

# Triple Bottom Line

Is a form of corporate social responsibility that looks not only to the economic aspect but also to the social and environment aspect.



# *The Stakeholder Theory*

Stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction.

Innovation to keep these interests aligned is more important than the easy strategy of trading off the interests of stakeholders against each other. Hence, by managing for stakeholders, executives will also create as much value as possible for shareholders and other financiers.





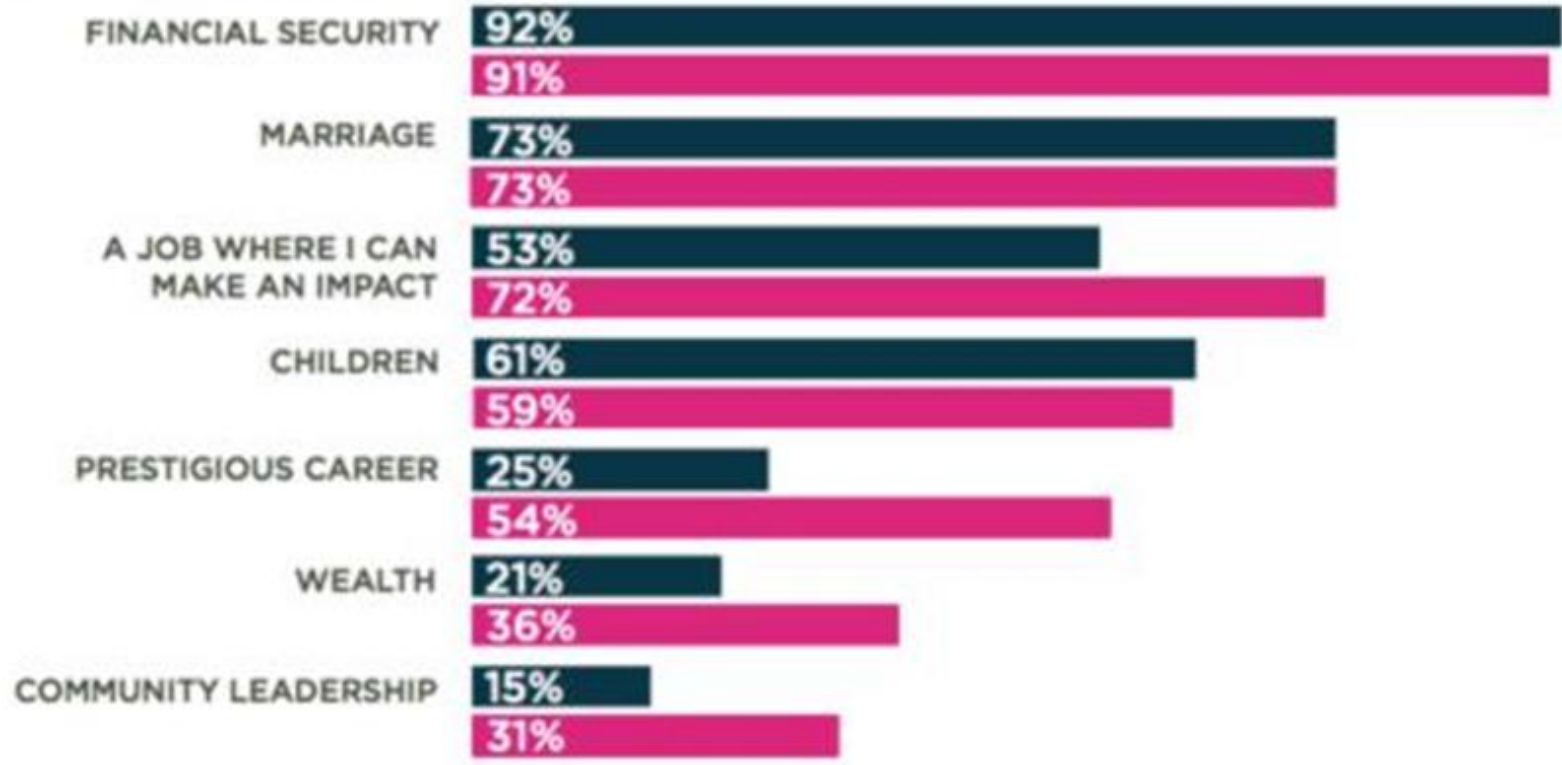
***The future of work:  
Corporate Social  
Responsibility attracts top  
talent***

The notion of "corporate social responsibility" has quickly become a crucial part of any large company's long-term strategy – not just in marketing, but in recruiting too, employees now want more from their employer than a paycheck. They want a sense of pride and fulfillment from their work.

53 percent of workers said that "a job where I can make an impact" was important to their happiness and 72 percent of students about to enter the workforce agreed

## The Following are Very Important or Essential to My Happiness

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■ WORKERS  
■ STUDENTS

# *Why are companies engaged in CSR*

Companies that are socially responsible in **making profits** also contribute to some, although obviously not all, aspects of **social development**.

- **brand equity depends on company reputation**
- **market for socially responsible investment, the creation of new financial indices**
- **employee motivation**
- **innovation, creativity, intellectual capital and learning**
- **processes to minimize vary kind of risk**
- **public expectations grow of greater CR**

# Human Capital

Human Capital is a measure of the skills, education, capacity and attributes of labour which influence their productive capacity and earning potential.

According to the OECD, human capital is defined as:

- “the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances”.
- Individual human capital – the skills and abilities of individual workers
- Human capital of the economy – The aggregate human capital of an economy, which will be determined by national educational standards.



# *Condition of the Human Capital of the company*

Employees are important partners who play a vital role in sustaining our business. The most important thing to create beneficial relationship between employees and the company and the motive force for sustainable growth, is to provide proper working conditions for employees and build a framework for the maximization of their potential. It's important to create a work environment that maintains and develops fair employment relations and makes full use of the abilities of its diverse human capital.

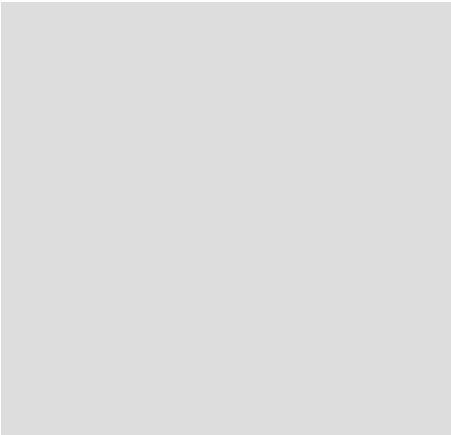
It's necessary that each company remain in dialogue with each individual employee about their basic rights and career development.

# *Sources of Human Capital differences*

**Innate  
ability**

**Education**

**Training**



## *Workplace*

- Work/life balance
- Comfortable working environment
- Promoting healthy lifestyle
- Preventing overwork
- Reducing workplace accidents

# *CSR and working conditions*

LABOR  
RIGHTS

RIGHT TO  
WORK

RIGHT TO  
HOLD  
OPINION

RIGHT TO  
PRIVACY

CULTURAL  
RIGHTS

RIGHTS TO  
FAMILY LIFE



# CASE OF CORPORATE RESPONSABILITY...

The Ferrero logo is rendered in a bold, dark red, stylized serif font. The letters are thick and closely spaced, with a distinctive design for the 'O' at the end, which has a small circular cutout. The entire logo is set against a white background.

## ➤ Ferrero

The company is an Italian manufacturer of branded chocolate and confectionery products and it is the third biggest chocolate producer and confectionery company in the world. It was founded in 1946 in Alba, Piedmont. It became famous for the realization of small-time pastry made with hazelnuts: Nutella.

**Ferrero has an approach to sustainability supported by the corporate social responsibility strategy called "Sharing values to create value".**

The way to create value is not only based on solid and unchanged values, but it implies the responsibility to share it with our stakeholders: within the Group, with consumers and families, in the communities where we operate, with organizations with which we work.

**Ferrero's goals are divided into consumers and workers and the planet.**

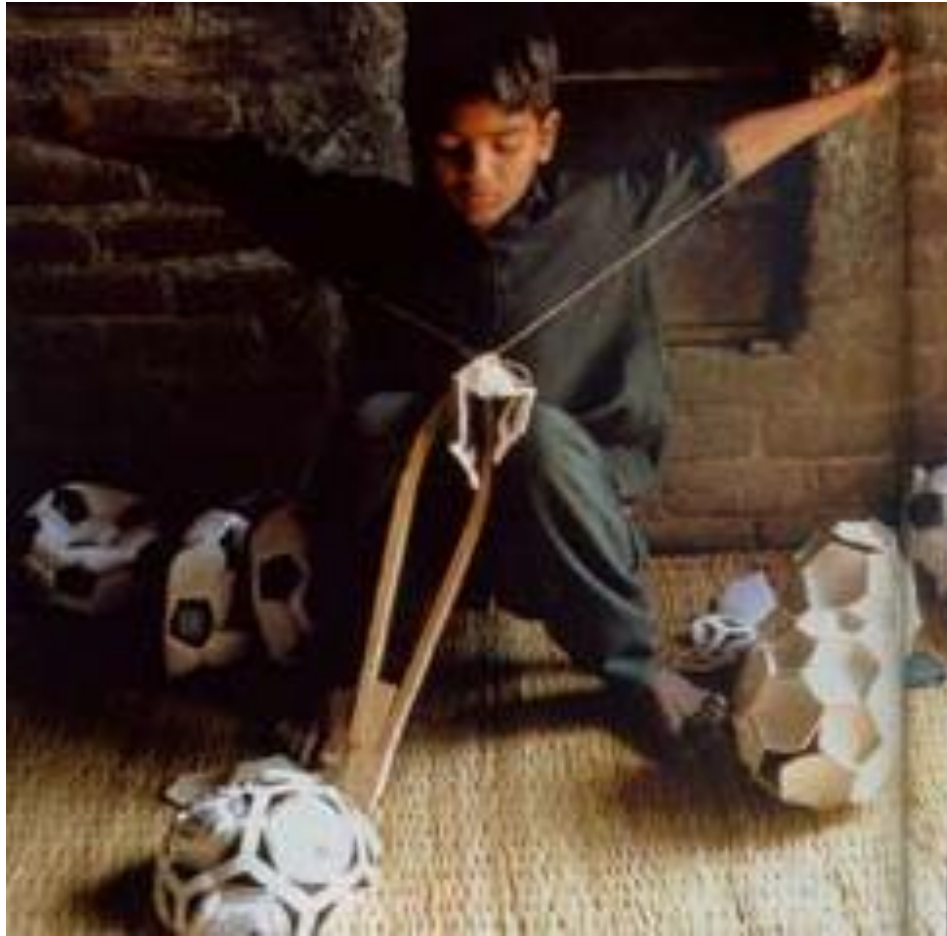
#### **Consumers and Workers:**

- Quality control products
- Responsible communication
- Female presence in the senior management
- Safety and health at work
- Formation and development (*Learning Lab, Ferrero University*)
- Partnership with schools, university

#### **Planet:**

- Minimize the environmental impact
- Development of circular economy
- Emission, efficient use of resources, waste management
- Ferrero - Agricultural Commitment on Sustainability (F-ACTS).

# CASE OF CORPORATE IRRESPONSABILTY...



- Nike factories in Asia were criticized for employing young children in extremely poor working conditions
- Explosion at Union Carbide Ltd-Bhopal, India in Dec. 1984 caused thousands of deaths and rendered many people disabled due to leakage of MIC gas.
- Fraudulent accounting manipulations led to collapse of Houston based Enron corporation.
- James Hardie was criticized for its failure to provide compensation to people affected by asbestos-related diseases.

# *How to improve the relation between CSR and Human Capital*

1. Practice Transparency
2. Make sustainable purchasing decisions
3. Play a more active role in the community
4. Support the local community
5. Encourage innovation
6. Understand that CSR come from the top

# Conclusion

- Since the 1960's corporate social responsibility has attracted attention from businesses and stakeholders in regard to its benefits and what it is;
- Having learnt from the devastating effects of corporate social irresponsibility, companies are focusing on the impacts of their operations not only on profits but the society and environment at large;
- It has quickly become a crucial part of any large company's long-term strategy;
- Consumers:
  - Are ever more concerned with where products come from, and conditions of employees;
  - Want a sense of pride and fulfillment from their work;
  - Want a purpose and importantly a company's whose values match their own
- In this way, corporate responsibility nowadays have totally importance in the world of business. In the twenty one century there's no sense for the companies to don't do it

# *Conclusion*

« Businesses have changed when the public came to expect and require different behavior (...)

I predict that in the future, just as in the past, changes in public attitudes will be essential for changes in businesses environmental practise»

Jared Diamond



# References

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Thank you for your  
attention