Position of Corporate Responsibility in a Management of the Company

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Table of Contents:

- Introduction
- Organizational Structure
- Corporate Hierarchy
- CSR Structure of Starbucks
- Economic Reasons which Motivate Companies to Sustain in CSR
- Advantages and Disadvantages of CSR
- CSR Implementation Model
- Accounting and Audit
- Responsibility of the CSR Board of Directors and Managers

Introduction

What is **CSR**?

- self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public

- a company is operating in ways that enhance society and the environment, instead of contributing negatively to them

- CSR must be implemented into every part, every business activity of the company to successfully run the company, therefore we have to understand the organizational structure of the company

Organizational Structure

- is the formal arrangement of jobs within an organization
- outlines how certain activities are directed in order to achieve the goals of an organization
- these activities can include rules, roles and responsibilities
- determines how information flows from level to level within the company
- at its highest level, an organizational structure is either centralized or decentralized
  - **centralized** – decisions flow from the top down, there is clearly defined chain of command
  - **decentralized** - decisions are made at various levels, delegation of authority at all levels of management

Organizational Structure

The features of any organizational structure depend on many factors including:

- how big it is

- how many people work in it

- its revenue

- where it is located (could be in several locations)

- what it sells and how many different markets it is active in

CSR must be delegated from the highest positions of the management.

Structure of CSR differs from company to company. Very important factor is size of the company. For example, it is expected that large international companies are involved in CSR which is defined from their headquaters and the structure of CSR is more detailed. On the other hand, in small companies, it is upon their decision whether they implement CSR. What is more, CSR in small firms is successfully implemented without being clearly defined.

Corporate Hierarchy

CEO

CIO - Chief Information Officer

CFO – Chief Financial Officer

COO – Chief Operating Officer

upper management - vice-presidents/managers/directors

employees in each department → further broken down into levels of experience and authority

Corporate Hierarchy

▶ Organizational structure defines a specific **hierarchy** within an organization, and businesses of all shapes and sizes use it heavily.

▶ The term corporate hierarchy refers to the arrangement of individuals within a corporation according to power, status and job function.

▶ Executive layer of management is typically headed by the CEO (Chief executive officer), below the CEO will be other C-level executives, such as the CFO (chief financial office), CIO (chief information officer) and COO (chief operating officer), followed by upper management (vice-presidents/managers/directors), then by the employees in each department, who are further broken down into levels of experience and authority. Major departments include Marketing, Finance, Operations, Human Resource, and IT.

▶ CSR must be delegated from the highest positions of the management (it means CEO) to the lowest (employees).

▶ They have to make sure that the CSR is successfully implemented into every part and every business activity of the company -> this refers to very complex process called **institutionalisation of CSR in the company**

Starbucks

▶ Starbucks defines CSR as conducting business in ways that produce social, environmental and economic benefits for the communities in which they operate and for the company's stakeholders, including shareholders.

▶ Starbucks board of directors holds management accountable to operate and manage the company according to strong ethical and governance principles.

Corporate Social Responsibility Governance				
	The Starbucks Foundation	Corporate Giving	Civic and Community Affairs	Business Practices (Supply Chain)
Board of Directors → President and CEO →	Senior Vice President CSR →	Environmental Affairs	International CSR	Public Policy and Government Affairs
CSR Executive Committee	Emerging Issues Council	Stakeholder and Partner Engagement	Transparency and Reporting	

Starbucks

▶ The company relies on a dedicated CSR group, reporting to the senior vice president of CSR, for the day-to-day management of specific CSR-related initiatives. This group also provides broad oversight of other CSR programs that are managed and implemented at the business unit, division or department level. Beyond the dedicated CSR group, Starbucks has established three cross-functional teams with specific responsibilities related to the company's CSR and governance. They are the Emerging Issues Council, the CSR Executive Committee and the Policy Governance Council, all described in the structure in more detail. The CSR organizational chart is also presented in the previous slide. Currently the board does not have a committee dedicated to CSR.

What can be considered as an economic reasons which motivate companies to sustain in CSR?

- To reach the successful running of the company, there must be some kind of motivational factors which lead to the institutionalisation of CSR within the company.

1) Saving of financial means – saving of energies (electricity), lower costs of liquidation of waste, lower costs of training for workers, lower costs regarding the security because there is higher trust and lower level of criminality

2) Increase of productivity – better liquidation of waste, healthier and more satisfied employees, running of company is faster, motivation of employees is higher

3) Increase of turnover – possibility to apply for tenders, faster customer service and higher satisfaction of customers, possibility to find new business opportunities

Advantages and disadvantages of Corporate responsibility in a company

Advantages:

- Lower costs
- Higher profits
- Better management of risks
- Support of innovation
- Better management of human resources
- Increase of employees loyalty

Disadvantages:

- CSR is expensive initial investment to implement into the strategy of a company
- There is a risk of loosing some orders
- Lack of support from the side of state

CSR Implementation Model

- A well-designed CSR implementation framework integrates economic, social and environmental decision making throughout a firm from the board of directors to front-line officials and supply-chain partners and is therefore intimately connected with effective corporate governance.

- Implementation is all about communication that is important all along the implementation process, not only initially in order to better evaluate the process and measure the progress of the implementation.

CSR Implementation Model

1. Conduct a CSR assessment

2. Develop a CSR strategy

3. Develop CSR commitments

4. Implement CSR commitments

5. Assure and report on progress

6. Evaluate and improve

PLAN

DO

CHECK

ACT

PDCA

Plan

1. Conduct a CSR assessment

- Development of CSR strategy/plan
- Clearly define direction, instruments and approach
- Assemble a CSR leadership team
- Develop a working definition of CSR
- Identify legal requirements
- Review corporate documents, processes and activities, and internal capacity
- Identify and engage key stakeholders

2. Develop a CSR strategy

- Build support with CEO, senior management and employees
- Research what others are doing, and assess the value of recognised CSR instruments
- Prepare a matrix of proposed CSR actions
- Develop ideas for proceeding and the business case for them
- Decide on direction, approach, boundaries and focus areas

Do

3. Develop CSR commitments

- Do a scan of CSR commitments
- Hold discussions with major stakeholders
- Create a working group to develop the commitments
- Prepare a preliminary draft
- Consult with affected stakeholders

4. Implement CSR commitments

- Develop an integrated CSR decision-making structure
- Prepare and implement a CSR business plan
- Set measurable targets and identify performance measures
- Engage employees and others to whom CSR commitments apply
- Design and conduct CSR training
- Establish mechanisms for addressing problematic behaviour
- Create internal and external communications plans
- Make commitments public

Check and Improve

5. Assure and report on progress

- Measure targets and performance

- Engage stakeholders

- Report on performance/progress, internally and externally – feedback

6. Evaluate and improve

- Evaluate performance

- Identify opportunities for improvement of the implementation process: SWOT

- Engage stakeholders

Accounting and Audit

➢ accounting is the very last stage of the CSR implementation process

➢ integrity in financial Reporting CSR is committed to provide accurate, timely and clearly understandable disclosures in reports on its results to shareholders

➢ all material financial information and disclosure must be accurately represented in the company's accounts

➢ a comprehensive triple bottom line planning and measurement method:

1. Commercial and financial – quantitative measurement is by regular data entry that is compared to quarterly and annual planned targets – a planned and actual method. Financial ratios are used to compare trends over time within the organisation and comparisons with sector standards.

2. Social and community – measures internal and external none commercial planned objectives and operational methods through planned and actual accounting and through qualitative questions sets.

3. Environmental and society – measure the commercial and none commercial performance of an organisation's use of energy, waste and waste disposal, physical resources, and transport and communication methods.

Accounting and Audit

➢ an internal organisational system that is managed by the organisation and moderated by an external independent evaluator

➢ the report documents the organization and the progress of implementation process that is audited

➢ accounting and audit achieves its form of measurement by using the numerical values

➢ financial audit provides information relevant for shareholders, social accounting and audit provides information relevant for society

Responsibility and Accountability of the CSR Board of Directors and Managers

- the CSR board is responsible for the contents of the Code of ethics and its continuous updating

- the Code of ethics is the collection of principles and guidelines an organization expects its employees to follow

- the managing director and managers at all levels of CSR are responsible for ensuring that all employees are aware of, understand and follow this code

- any significant deviation from the Code must be reported by management to the Board – with a report of action taken to correct the situation

- What are the responsibilities of a CSR manager?

  - Develop an effective CSR programme

  - Establish a mechanism and strategy to engage employees

  - Develop an annual CSR

  - Develop relationships with key business partners

  - Act as the knowledge leader and expert for CSR

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