KORPORATIVNA DRUŠTVENA ODGOVORNOST

Sažetak

U današnjem svijetu, organizacije bez obzira na njihovu veličinu ili tržište moraju zaraditi i postići naklonost društva kako bi opstale u poslovanju. Moć medija kao i obični građani, mogući investitori, udruženi, osiguravajuća poduzeća i ostale zainteresirane strane drže organizacije odgovornim za društveni, okolišni i ekonomski utjecaj koji imaju na zajednicu i prirodu. Takav stav prema organizacijama, pa i u našem okruženju, znači da su organizacije pod neprestanim nadzorom zainteresiranih strana.

Mnoge organizacije, kao i Podravka, obvezale su se svojim zainteresiranim stranama i pridonose društvu. Mnoge od tih organizacija nisu svjesne da njihove aktivnosti prema društvu i zainteresiranim stranama mogu se imenovati: Korporativna društvena odgovornost (CSR). Isto tako ne primjenjuju ovaj pristup do pune mjere ili kroz cijelu organizaciju. Prikazat će se pristup jedne europske organizacije na području Korporativne društvene odgovornosti (CSR).

Ključne riječi: društvo, zainteresirane strane, korporativna društvena odgovornost (CSR), EFQM okvir za CSR

1. INTRODUCTION

More and more excellent organisations express commitment to CSR through their values and deploy it within the organisation. This commitment to their stakeholders ensures that they meet or exceed stakeholders’ expectations and regulations of communities, locally or globally, and try to minimise any undesirable impacts.

There exist many definitions for CSR as well as synonyms (i.e. Corporate Citizenship, Sustainable Development). Therefore, it is difficult to create a common used definition for CSR but common characteristics for CSR have been defined. These are:

• Meeting the needs of current stakeholders without compromising the ability of future generations to meet their own needs.
• Adopting CSR voluntarily, rather than as a legal requirement, because it seems to be in the long-term interests of the organisation.
• Integrating social, environmental and economic policies in day-to-day business.
• Accepting CSR as a core activity that is embedded into an organisations’ management strategy.

1 The EFQM Framework for CSR, EFQM, Brussels, 2003, p. 7
CSR can be presented through three dimensions - social, environmental and economic – that are consistent also with the three dimensions of the Triple Bottom Line: people, planet and profit. Figure 1 shows how these three dimensions link and also overlap.

**Figure 1: The three dimensions of CSR**

Examples of each dimension are:

1. Economic: integrity, economic development of the community, transparency, prevention of bribery and corruption, payments to national and local authorities, use of local suppliers, hiring local labour, etc.
2. Social: human rights, labour rights, contributing expertise to community programs, training and developing local labour, etc.
3. Environmental: precautionary approaches to prevent or minimise adverse impacts, developing and distributing environmentally friendly technologies, etc.

**2. BENEFITS OF CSR**

As business climate is changing fast thereby many organisations are becoming increasingly aware of the direct economic value of CSR. Organisations that have a positive impact on society and the environment enhance their own reputation. This not just helps them to generate profits for today but also position themselves for the future.
Other examples of direct benefits for the organisation are:
- Greater access to finance,
- Strong risk management and corporate governance,
- A healthier and safer workforce,
- Motivated people,
- Increased brand value,
- Customer loyalty,
- An enhanced public image.

Those organisations that look at the long-term needs of their own business, emerging technologies and their effects on society and the natural environment, including the part they can play in bringing these requirements together creatively, are those that will survive on the market.

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2 The EFQM Framework for CSR, EFQM, Brussels, 2003, p. 9
CSR can result in two-way benefits – the organisation benefits by having a more ethical and integrated approach, while the community and the stakeholders have a better picture of the organisation’s performance and strengths.

Organisations need to identify their stakeholders and recognise what benefits they bring to the organisation as well as what approaches the organisation needs to use with different stakeholders. Stakeholder main groups are:

People – Employees are increasingly flexible, adaptable and mobile when it comes to managing their careers. The traditional career path where employees remain in the same job for life is now a thing of the past. Organisations that commit to CSR have a greater chance to attract and retain talented people. People want to work in organisations they feel proud of. Organisational values need to reflect personal values of their employees.

Customers – with such a wide choice of products and services available it is hard to decide what to buy. As their awareness arises on environmental and social issues they differentiate products and services by demanding more information relating to CSR. They want to feel good about the product or service and know that the organisation takes their wider interests into account.

Investors – Organisations that demonstrate positive environmental, social and economic measures provide investors with favourable risk/return profiles. Dow Jones and Financial Times Stock Exchange developed the Dow Jones Sustainability Index (DJSI) and the FTSE4Good (Financial Times Stock Exchange for Good). More and more private and institutional investors are convinced that integrating social, environmental and economic aspects in businesses derive a competitive edge therefore it is logical and clear for them to invest in such organisations.

3. **WHY USE THE EFQM FRAMEWORK FOR CSR?**

The EFQM Framework for CSR is based on the existing EFQM Model and incorporates all three dimensions of CSR and all stakeholders.

For those companies that already use the EFQM Model, the Framework is easy to implement as they already have trained Assessors and knowledge on Excellence Model. It helps them to excel in CSR by identifying gaps in their current CSR approach and create a CSR performance breakthrough.

For those companies that are unfamiliar with the EFQM Model they can implement the Framework for CSR as a stand-alone Framework. This will help them also to excel in CSR. The Framework is a very effective management tool that focuses not only on results but also on the causes and how to get there.

4. **INTRODUCTION TO THE EFQM FRAMEWORK FOR CSR**

It is already mentioned that the Framework for CSR is based on the EFQM Excellence Model. Therefore, the Framework provides guidelines on how to identify, improve and integrate social, environmental and economic impacts of its operations into policy and strategy and the day-to-day management of an organisation by taking all stakeholders into account.
The Framework is divided into the same nine criteria as the EFQM Excellence Model, which is divided into two major criteria. The Enablers criteria give attention to stakeholder involvement and dialogue, and the Results criteria focuses on perception and performance of CSR results.

To use this Framework in practice, firstly, organisations need to assess and evaluate themselves in terms of CSR maturity. This helps to identify the strengths they should build on and the areas for improvement on which they should focus on. Self-assessment tool is the easiest and fastest way to identify organisation’s CSR maturity. The CSR maturity level of an organisation can be positioned in one of the three levels:

1. Start-up – the organisation meets all the legal and regulatory requirements
2. On the way – active involvement and a dialogue with stakeholders, some CSR activities taking place
3. Mature – stakeholders’ expectations are balanced, measured and take action, CSR is fully embedded in policy and strategy and day-to-day management towards sustainable Excellence

Secondly, to have an integrated CSR policy and strategy the following steps are recommended:

Figure 3: The EFQM approach to CSR

Identify stakeholders and their needs and expectations

Self-Assessment *

Improvement of the organisations activities

Public CSR reporting

* There are many different approaches to Self-Assessment. In the EFQM CSR Toolbox the Questionnaire approach are explained in detail.

3 The EFQM Framework for CSR, EFQM, Brussels, 2003, p. 26
4 The EFQM Framework for CSR, EFQM, Brussels, 2003, p. 27
5. THE EFQM FRAMEWORK FOR CORPORATE SOCIAL RESPONSIBILITY

In the following section the nine criteria of the Framework are defined as:5

5.1 Enablers criteria

5.1.1 Leadership

Excellent leaders ensure the mission, vision, values and ethics of the organisation to reflect a socially responsible culture, which they role model and reinforce with the organisation’s people. They ensure the management system addresses current and future social, environmental and economic issues as well as relevant stakeholders on these topics. The leaders ensure that any change takes into account the organisation’s CSR commitments.

5.1.2 Policy and strategy

Excellent organisations embed CSR into their policy, strategy and day-to-day activities by integrating the mission and vision with policy and strategy; by involving internal and external stakeholders and their present and future needs and expectations in the development, review and updating of policy and strategy. They develop strategies to identify and address the current and future social, environmental and economic challenges the organisation faces and the current and potential markets in which they operate. They also have processes in place to develop and deploy the strategy.

5.1.3 People

Excellent organisations manage, develop and release the full potential of their people at individual, team based and organisational level, including involving and empowering them in discussions on CSR and related activities and planning. People’s knowledge and competencies are identified and developed. The organisation rewards, recognises and promotes people in all fairness and equality and has a dialogue with them.

5.1.4 Partnerships and resources

Excellent organisations plan and manage external partnerships, suppliers and internal resources to support policy and strategy and CSR objectives, balancing the current and future needs of society and the natural environment. The social, environmental and economic impacts of external relationships, finance, buildings, equipment and materials, technology and information are taken into account in their management.

5.1.5 Processes

Excellent organisations design, and manage processes in order to fully satisfy and generate the increasing value for all stakeholders. The processes are improved as needed and communicated to stakeholders. The organisation’s products and services are designed, developed and improved in line with customers’ and stakeholders’ current and future needs and expectations. Customers are advised about the responsible use of the products and services.

5.2 Results criteria

5.2.1 Customer results

Excellent organisations comprehensively measure and achieve outstanding results with respect to their customers, including measures relating to the social, environmental and economic performance of the organisation and the goods and services it produces.

5.2.2 People results

Excellent organisations comprehensively measure and achieve outstanding results with respect to their people including measures relating to the social, environmental and economic performance of the organisation and the goods and services it produces.

5.2.3 Society results

Excellent organisations comprehensively measure and achieve outstanding CSR results with respect to society including measures relating to the social, environmental and economic performance of the organisation and the goods and services it produces.

5.2.4 Key business results

Excellent organisations comprehensively measure and achieve outstanding social, environmental and economic results with respect to the key elements of their overall policy and strategy.

6. CSR IN ROLE MODEL ORGANISATION

The easiest way to understand what is CSR is to see how role model organisation has interpreted CSR in their day-to-day business. This example is given as the conclusion of this paper.

**Unilever** can be considered as a role model organisation. It is one of the world’s most successful organisations in consumer goods. Setting aside the financial picture of the organisation we can see that Unilever works hard to conduct business with integrity, respects its employees, consumers and environment around them. They spend over €66 million on community projects around the world. By gaining commitment from top management Unilever has put in place the Code of Business Principles where CSR aspects are taken into account.

They have focused on three initiatives they consider vital and know that they can make a bearing on them. The three initiatives are: Sustainable Agriculture, Fish and Water. Thought out the years employee awareness has risen as well as acceptance that business plays an important role in society development. Unilever considers that its presence supports development in:

6. Presentation on CSR, Unilever, London, 2005
With Sustainable Agriculture initiative they began in 1998. Together with external stakeholders they have defined what sustainable agriculture means to them and established principles. These principles are:

- Maintain high yield and nutritional quality while keeping resource inputs low
- Minimise adverse environmental effects; make a positive contribution where possible
- Optimise the use of renewable resources; minimise the use of non-renewable resources
- Enable local communities to protect and improve their well-being and environments.

Up to now they issued a series of brochures on Good Agricultural Practise Guidelines and Information Booklets.

Second initiative is Sustainable Fish, which they started in 1996/7. They jointly initiated the MSC (Marine Stewardship Council) Standards for fisheries and uplifted awareness in fisheries.

The third initiative is Sustainable Water. This initiative they view through increased use of existing hygiene products for home and personal care and new technology that deliver vitality. Together with other manufacturers of washing powder they developed a WASH RIGHT guideline for consumers to raise their awareness on the environment.

All three initiatives are started for the reason that the environment provides them with raw materials and the ingredients they need to make their products, and that healthy, prosperous communities provide them with a healthy, growing consumer base.

They seek to make positive contribution to society through projects that match their mission to add vitality to life, which are typically delivered in partnership with governments, agencies, charities etc. This approach increases projects’ effectiveness. Some examples of projects are:

- Lifebouy – aims to educate the population of India about the importance of hand washing with soap to counteract the spread of disease.
- Annapurna iodised salt - Fortified foods, improve the health of the population in Ghana.
- Shatki – offers training to rural women, giving them the chance to become micro-entrepreneurs, the project is initiated in India.

Their first Environment report was issued in 1996 and their first external Social report in 2000 to all interested stakeholders. In the Reports they are telling their story, which:

- Facilitates understanding of their business and industry issues
- Builds reputation and trust
- Develops performance
- Motivates employees
- Meets evolving regulatory demands.

They report on:

- Eco-efficiency indicators (water, COD)
- Additional parameters (prosecution/fines, % renewable energy, number of ISO 14001 sites
- Progress in their 3 sustainability initiatives
- Key performance indicators (distribution of cash value added, accident frequency rate, community spend)
- Industry developments – Food, Health and Hygiene
- Stakeholder engagement
Unilever interprets CSR as the total impact of a company on society. Therefore, they believe to be able to succeed it requires the highest standards of corporate behaviour towards their employees, consumers and societies, and the world in which we live.

LITERATURE

[4] M. Šestak, Practical application of Corporate social and environmental responsibility requirements of EFQM model, The 4th International Conference of the CE European Countries, 2004

CORPORATE SOCIAL RESPONSIBILITY

Summary

Today in the modern world, organisations regardless of their size and market have to earn and retain approval of the society to be able to stay in business. The power of the media as well as ordinary citizens, potential investors, pressure groups, insurance companies and a wide range of other stakeholders are increasingly holding organisations to account for social, environmental and economic impacts that they have on community and the natural environment. This reaction towards the organisations, even in our surroundings, means that they are under intense scrutiny.

There are many organisations, as well as Podravka, that are committed to their stakeholders and already contribute to society. Many of those organisations sometimes do not even know that their activities towards society and stakeholders have a special name: Corporate Social Responsibility (CSR). Most organisations also do not apply this to the full extent or through the entire organisation. Example of European organisation will be given to show how it approaches the issue of Corporate Social Responsibility.

Key words: Society, Stakeholders, Corporate Social Responsibility (CSR), EFQM Framework for CSR