

# Practical Guide to Corporate Social Responsibility

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An increasing number of companies promote socially responsible strategies in response to the pressure from their stakeholders in social, environmental and economic issues. This paper is as a collection of techniques and processes, already applied and published by given MNCs of the industrial sector. It can be considered as a guide for those having the intention to increase their involvement in socially responsible operation.

## *First Steps – Values, Mission, Vision and Code of Conduct*

*Establish company values.* A small set of values to be shared with the entire company is an important factor in defining strategies and regarding the company's relationship with its public.

*Adopt a Code of Conduct.* Most of these codes incorporate national labor laws and internationally recognized standards of conduct. A code of conduct should be considered as a guide for the company's employees.

*Define the mission and vision.* Setting the mission and vision are important ways to identify the goals and aspirations of a company. They also highlight the values and influence company culture and determine strategies. The vision and mission of socially responsible entity often goes beyond the purpose of "profit" or "being the best" but specifies the objectives to generate value for all parties involved in the business environment: shareholders, members, employees, partners, customers, suppliers, communities and society in general.

*Share the values, mission and vision.* Always act according to values, mission and vision statement. Create a clear link between these and the daily tasks of employees. Review how vision matches job descriptions, hiring practices, development concepts, training programs and other areas of business.

*Revise statement periodically.* You may need to revise the statement so that it is always in accordance with the objectives. Consider an annual review, also with regards to employee performance review.

*Involvement of the Organization.* It is a critical success factor that the entire organization is well informed about company policy and that employees become committed to active implementation of related processes.

*Code of Ethics.* The code of ethics defines the culture, principles and criteria that should govern the conduct of employees when making business decisions or act as a company representative. It is a tool that helps build, maintain and strengthen company culture and helps to develop solid relationships with suppliers, customers and other partners, further to reduce the number of lawsuits and contingencies, or to negotiate interest conflicts and to ensure compliance with the law.

*Contribution to the Code of Ethics.* Verification, implementation and enforcement of the Code of Ethics is the obligation of all, thus communication, information and even training on ethics is an important pillar of the company's performance.

*Compliance with the Code of Ethics.* Always highlight, that strategic decisions are made in accordance with the Code of Ethics. Thus, the entire organization realizes that this code should have a significant impact on the conduct of each. New employees should be properly informed about the principles adopted by their organization. Encourage employees to consult with supervisors when they have doubts about compliance with the Code of Ethics.

*Monitoring and Evaluation.* Consider continuous monitoring and regular evaluations of the company's performance in terms of social responsibility. Identify realistic goals on environmental effects, performance, product quality, community involvement, customer satisfaction, adherence to ethical standards. Get comments on the evaluations.

*Publishing results.* Summarize your findings and conclusions, report the company's performance about every area assessed. Include a separate section about achievements, difficulties and goals for future improvements. Distribute the report to all employees, suppliers, customers and other important stakeholders affected by this assessment. Consider a disclosure at least annually.

## *General Practices*

Create and distribute a CSR guideline. Produce it in a tone and style that reflect the values and culture of the company and contains rights and duties of all associates. Initiate a productive work environment that encourages employees to come up with new ideas and opinions about the improvement potentials of the company and its guidelines. Comments and suggestions must be treated seriously and their importance must be highlighted in order to raise employees' confidence.

## *The Social Pillar – Preconditions*

*Equal opportunities, diversity and respect of individuals.* Promote Diversity and Equal Opportunities as core values of the company. Encourage equal opportunities in the labor market, avoid all forms of discrimination. Discrimination is economically inefficient and socially unacceptable; damages individuals concerned, good working relationships and business efficiency.

*Sexual harassment.* Here not just a socially responsible attitude is meant, but a legal requirement. Address the issue in a clear and concise way, giving concrete examples to define what the type of behavior is not desirable within the company. Make it clear that any violation will trigger a thorough investigation and penalties may arise with possible dismissal.

*Psychological coercion.* "Bullying" or "emotional violence" represent just a few of different forms of psychological abuse, which may have adverse effects on dignity and physical or mental integrity of a person or could jeopardize the cooperation at the workplace. This type of abuse can be a "vertical assault" (superior-subordinate vice versa), or a "horizontal" between co-workers. Inform your associates about potential consequences of this type of behavior.

*Freedom of association, unions.* Promote dialogues with the unions and / or other collective representations. Encourage a relationship of mutual trust, thus promoting the social and professional interests of employees.

Facilitate proper working conditions and make all information accessible with a potential effect on employees. Meet regularly with representatives of trade unions and take their suggestions into account and negotiate their claims. Do not restrict the operation of trade unions, do not discriminate their members in any way. Accommodate their meetings on company premises.

*Anti-corruption practices.* In the set of guidelines and practices within the company, make sure that any form of illegal practices to obtain competitive advantages is addressed clearly and objectively. Be sure to emphasize that such practices are strictly prohibited.

*Health and safety.* Create a company culture that promotes health, safety and well-being. Offer flexible health plans, promote regular medical checkups and health screenings, and promote a healthy lifestyle.

Ensure proper air quality by providing separate smoking kitchen and adequately maintained ventilation system. Encourage employees to donate blood, authorizing their absence from their jobs.

By choosing office furniture opt for ergonomic models, so that employees can work with a good posture. Make sure employees are not hindered to take work breaks. If possible, create an area for recreation and socializing.

*Life-work balance.* Identify and evaluate the aspects of personal life that could hinder full concentration on the tasks to be performed during working hours (e.g.: need for childcare or nursing home; reservation of vacancies in nurseries, schools and colleges in the area, etc.)

Avoid practices that interfere with family life (e.g.: meetings after working hours, scheduled events during the lunch hour or business trip without notice). If these situations become unavoidable, provide compensation (e.g.: make available to pay babysitting services when needed)

*Be flexible as to the time and place of work.* There are numerous ways to meet the personal needs of employees without impairing the operation of the company. This is proved to be able to reduce stress and to increase employees' motivation (e.g.: flexible and reduced working hours, part time work, compressed work week, the ability to work in an office near the private address, work in home office, etc.)

*Support maternity / paternity leave.* Help parents who are expecting the birth of a child to obtain practical information on pregnancy, with special care for babies, preparation courses for the birth and access to medical and social services.

Create learning programs and support for employees' children (e.g.: daycare, scholarship, etc.)

*Retirement and social exclusion.* Consider extending the benefits to retired employees at your company (e.g.: health plan, use of social infrastructure, discounted products / services of the company, retirement supplements, etc.).

Identify potential risk of social exclusion on time (i.e. a situation of isolation and loneliness). Promote active life. Ensure that after retirement employees still have the chance to contribute to daily business upon their request.

*Create a list of existing resources.* Make a comprehensive list of services available in the area of your business that may be useful for employees and their family (special discounts for specific products, etc.)

Establish partnerships with local companies for the supply of services that explicitly support families (e.g.: crèches, pre-schools, senior centers, legal advice, financial planning or tax advice or gyms, etc.).

## *Encouraging extraordinary commitments*

*Career development.* In the framework of carrier planning promote all qualification initiatives that improve employees' competences and effectiveness in their functional area. Set the focus on continuous improvement and offer trainings for employees, tailored to their work. Launch a mentoring program where leading executives guide the professional development of manager candidates. Offer incentives that encourage employees to develop their skills and knowledge in their time off. Consider authorizing them to do training during working hours and/or subsidizing/reimbursing the costs of courses. Generate a training plan based on the associates' performance assessment. Recognize all certifications achieved.

*Volunteerism.* Promote and encourage volunteerism. People participating in community projects often stand out within the company for their excellent ability to work in teams or in leadership positions.

*Ambitious goals.* Encourage employees to achieve ambitious goals at the same time give them the flexibility, autonomy, and empowerment to achieve them.

## *The Socio-Economic Perspective*

*Performance review and market competitiveness.* Create a system of performance evaluation – based on individual goals and measurable factors – in a way that it creates a climate of trust and open communication between employees and their immediate superiors.

Share the company's results with employees – at least quarterly. A simple, objective and transparent management memo helps associates to understand corporate strategy better and makes them feel responsible for the results. Employees then might also look for additional opportunities to reduce operational costs or to increase revenues depending on market situations.

*Profit-sharing programs.* Motivate your employees with different kind of incentives. Always make sure that goals and measurement methods are defined in the frontend. One-time or profit-related bonuses, ownership of company shares or other non-financial benefits, like tickets for sport or cultural events or extra vacation days are just a few of applied methods.

*Table reductions and layoffs.* Avoid layoffs. Thoroughly assess all possible options to determine costs that may be eliminated as an alternative to staff reductions. For example, before announcing the need of a layoff, consider reducing travel expenses, cutting perks, restricting the use of hire cars, freezing wages. Consult with the unions; try to find solutions with help of collective bargaining.

Communicate your intentions, identify alternatives (e.g.: option to transfer to another department, consider offering requalification training, etc.)

If layoffs are unavoidable, establish priorities for implementation (e.g. avoid lay off more than one people from the same household or employees older than 45 years, try to provide support in finding new jobs, write letter of recommendations, contact employment agencies, etc.)

Do not neglect those who were not dismissed. In order not to create an atmosphere of tension among remaining employees, explain the reasons why they were kept in their functions.

## *Corporate Social Responsibility within the Supply Chain*

*Criteria for supplier selection.* Set socially responsible behavior and practices as selection criteria when establishing a business relationship. Try to choose suppliers sharing social concerns similar to yours. Companies that hire labor from or operate in developing countries should be preferred where possible. Even without a guarantee that your company will be successful in this regard, there are several ways to promote fair treatment of employees. Choose partners that follow environmentally responsible policies.

*Select a network of socially responsible suppliers.* Check the source of raw materials and products your vendors are selling, where their factories are located and examine their production units. These visits/audits should case by case determine which topics are CSR sensitive and will help to identify improvement areas.

*Communicate your expectations.* A company is more likely to achieve its objectives if these are clearly communicated by their customers. The communication of company values can be made by mail and through direct contact with its partners. Request your suppliers to make a formal commitment by signing a CSR contract. This strengthens their engagement toward CSR practices.

*Monitor practices agreed.* Take every opportunity to verify compliance with the agreed goals. During supplier visits check the fulfillment level. Combined with/parallel to a supplier audit observe if serious CSR relevant regulation is breached (child work, unacceptable working conditions, breach of contractual agreements, etc). Carry out regular CSR audits in order to control and contribute to the fulfillment of commitments.

*Support the development.* Work in a climate of collaboration in order to promote change. Partnerships with suppliers tend to improve if you create a collaborative environment. Initially focus on more consensual issues such as health and safety, then extend the scope to non-binding best practices as well. Convince your business partners about the positive effects, instead of forcing them to change.

*Marketing communication.* Organize PR events at universities, schools, associations or at charitable events. Avoid negative, misleading or comparative advertising. Do not post ads that allow violence and unhealthy body image, aggression, disrespect or alike. Look for ways to announce your positive role in society. Prohibit misleading messages that exploit the emotions of the children or that convey the possible manipulation of parents or others to purchase products. Respect the privacy of customers, treat personal data -like names, addresses, phone numbers- confidentially.

*Products and services.* Ensure that all references made to commercial products and / or services of the company are specific, accurate and fair. Go beyond legal requirements. Make sure information regarding products safety, performance and efficiency are complete. Avoid vague and general commercial references on products such as "environmentally sound" and try to give more specific information. Whenever possible, use the services of a professional or competent authority to certify commercial information to be disclosed.

Promote the safe and responsible use of products. Take every reasonable precaution to minimize risks to health and environment. Prohibit the use of unethical commercial techniques like 'dumping' prices, exaggerations about product features/performance and about the amount of product required to meet total customer satisfaction. Let your employees and customers know that such practices are not tolerated by your company.

## *Responsibility for the Environment*

*Operation and environment.* Define your company's environmental principles applicable from product design till distribution of finished goods and services. Make a commitment to comply with all legal regulation applicable in the country of operation and wherever possible, fulfill CSR related, non-binding requirements, too. In your environmental policy highlight areas where your company's operation may harm nature and natural resources, further make a commitment to prevent, reduce, or mitigate those effects. Analyze environmental policies underwritten by other companies within and outside your supply chain.

*Environmental study.* Take inventory of activities, products, services and machinery that could generate waste during normal operation. Also check if in any process energy, raw materials and even human capacity is wasted. The goal would be to find ways of resource and waste reduction. This analysis can be as simple as counting and weighing the trash bagged by the company in a certain period or evaluating the consumption invoiced. It may also involve external auditors to get further ideas to rationalize utilization and minimize waste production.

*Promote environmentally friendly practices.* Prioritize the sourcing of environmentally friendly products wherever economically feasible. Give clear specifications (e.g.: use of recycled paper, biodegradable cleaning fluids and materials, etc.). Collaborate with your suppliers on common CSR projects in order to increase their sensitiveness towards social responsibility and to align their initiatives with your company's environmental policy. If necessary, find alternative sources.

*Waste reduction.* Create recycling standards, promote the idea that "waste" for your business, is everything that cannot be used-up or sold and that may require disposal costs. Reduce paper consumption.

Sell the surplus and promote the reuse and / or recycling of materials and products. Choose products with longer lifetime and better quality. Replace inefficient production machines with high scrap ratio. Rent the equipment for occasionally applied processes. Separate waste before disposal.

*Less pollutant.* Reduce the use of toxic products. Replace toxic solvents, paints and other chemicals used in production with adequate, non-toxic alternatives. Eliminate toxic end- or by-products safely. Materials must be handled as stated in the product information (e.g. storage/removal considering biodegradability, security, pH, flammability, abrasion and other factors).

*Ecological effects.* For document printing use organic inks and use printers where water-based cleaning fluid can be applied (less polluting than solvent based). In print jobs, try to avoid elements that reduce the rate of recyclability of paper, such as aluminum seals, adhesives and poor print quality.

*Energy and water.* Use intelligent lighting. Apply effective measures to manage and reduce energy consumption. Encourage the use of public transportation. Regularly maintain the ventilation and air conditioning systems. Prefer a fleet of "green" vehicles. Locate and repair water leaks immediately. Install fixtures and water-saving devices. Reduce water consumption especially in the external areas. Create a recycling system. Use environmentally sound construction techniques. Evaluate the design of products and services from environmental perspective.

*Cooperation for the environment.* Establish partnerships with other companies in order to develop projects that the company could not undertake individually, consider

partnering with other businesses in the community. For example, create a material recycling center in cooperation with the local community, or start activities for cleaning and / or reconstruction of public institutions. The partnership may be extended to more than just one project.

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