



## ILPO55 Training Material - Instructor Guidelines

### Financial Services Sector - Social Responsibility Facilitator

#### Unit 3

#### Strategies and tools for Corporate Social Responsibility Implementation

## **UNIT 3: Strategies and tools for Corporate Social Responsibility Implementation**

### **Unit Description**

The implementation of Social Responsibility measures requires effective strategies and tools in order to be effective. The Social Responsibility Facilitator has an important role, in using his/her experience in the Financial Services Sector, so as to support the management of a financial services organisation in this context.

It is also fundamental that financial services organisations also understand the economic consequences of ethical failures. This unit will therefore consider these key aspects together with how the impact of corporate social responsibility can be measured.

#### **1. Evaluate the role of the Social Responsibility Facilitator in supporting management for the implementation of Corporate Social Responsibility (CSR).**

### **The Social Responsibility Facilitator as a professional support to management**

Companies and businesses are realising the benefits of being socially and environmentally conscious to the extent that they incorporate social responsibility into their business model. Resources are dedicated to social responsibility initiatives both for the cause and their reputation. The role Social Responsibility Facilitator within an organisation is to ensure the implementation of such initiatives. One may question whether social responsibility can be taught.

The definition of social responsibility is likely to provoke disagreement as to whether it can be taught as knowledge. But the need to exercise social responsibility can be taught.

"Social responsibility-that is, a personal investment in the well-being of others and of the planet-doesn't just happen. It takes intention, attention, and time." — *Sheldon Berman, "Educating for Social Responsibility," Educational Leadership, November 1990*

Even if social responsibility cannot be taught directly as knowledge, it can be "caught" in a variety of ways - through observations of the behaviour of friends and others; through reading and discussions; through a sense of injustice that demands personal action.

The facilitator who seeks to develop socially responsible culture within an organisation will not have an easy task. But turned-off management are not the only challenge. The facilitator may open a dialogue by speaking frankly about his or her experiences with employees.

It is imperative that the facilitator will ensure that the management budgeted for any required financial resources. If support from other employees is required, then the facilitator will have to engage the involved employees.

Step by step procedure:

**1. Choose the project**

How will the choice of project be decided? By the management or by employees?

**2. Project plan**

What tasks need to be done? Who will be responsible to do them? How will the work be coordinated?

**3. Implementation of the project**

How will the facilitator keep track of what is being done? Should there be a social responsibility oversight committee? Should there be regular meetings to discuss progress?

**Promoting ethical strategies and business behaviour**

Management guru Peter Drucker was famous for asking his consulting clients the basic strategic question, "What business are we in?" Integrating ethics into the business strategy, management have to add three more questions, according to Robert Finocchio, Dean's Executive Professor at Santa Clara University:

What do we stand for?

What is our purpose?

What values do we have?

As a first principle, ethics is not integrated into strategy by proclamation. While ethics should be part of the company's mission statement, long-term strategic plan, public pronouncements, and codes of conduct, unless it is also a "cornerstone of the organizational culture," it will not be effectively integrated into the business strategy.

Recommendations to incorporate ethics:

1. It is not advisable to be in an unethical business in the first place - tobacco, arms, and pornography
2. Conform with the law and spirit of the law when doing business
3. Articulate a comprehensive strategy
4. It is imperative that the values are explicitly articulated - a key component to the strategy. Values must also be real, and reflect actual behavior, especially with the management team
5. Do not rely on auditors, ethics officers, compliance officers, cops, regulations, manuals, and audits as the ones who will be including ethics into the strategy
6. Rather than rules emphasize on principles
7. Individual ethical responsibility and accountability not to be trumped by some corporate or organizational imperative
8. Be totally transparent with your constituents
9. Have a framework and process for the resolution of ethical issues
10. Have the right organizational structure.

11. Have rewards based on the right metrics
12. Employee development to be an integral part of the strategy
13. Ethics training to be part of employee development
14. Encourage all employees to be challenging and demanding in the ethical domain, including the bosses

Two practical suggestions for implementing the above recommendations:

- Ethics performance evaluation as part of the organization's end-of-year assessment
- Create a strategic plan ethics checklist for the succeeding year

Source: Article by Miriam Schulman, communications director of the Markkula Center for Applied Ethics.

### **Role of member of the Board of Directors to prevent unethical behaviour?**

1. Leadership.
2. Independence.
3. Measurement and in particular expanding the importance of non-financial measures of strategic drivers of profitability.
4. A long term perspective.
5. Communicating the softer aspects of strategy, i.e. values and culture.
6. Permitting and rewarding multiple points of views within the organization, establishing a “truth based” organization where facts, truths, values and measurement matter
7. Punishing those who conceal the truth within the organization.
8. Reviewing on a regular basis emerging ethical issues such as privacy, genetic screening, etc.
9. Appointing individuals with a strategic and performance measurement expertise in the board.
10. Improving upon the currently unsatisfactory protections for whistle blowers, e.g. providing tenure to whistle blowers.

### **Rating the Company's ethical behaviour**

- |    |   |           |
|----|---|-----------|
| 1. | The CEO has visibly signalled to the entire company the importance of behaving ethically. He has made decisions that have cost the company dollars, but which have been ethically based.                    | 1 2 3 4 5 |
| 2. | The CEO and senior management team is paid fairly relative to the compensation of the rest of the company, say in the range of no more than 20X the average employee.                                       | 1 2 3 4 5 |
| 3. | The company's culture permits honest debate and encourages truth telling. Employees and suppliers such as audit firms have easy access to more than one individual to report unethical or illegal behaviour | 1 2 3 4 5 |
| 4. | The company's culture, policies and actions demonstrate the company's commitment to punishment for concealment of negative information.   | 1 2 3 4 5 |
| 5. | Managers are promoted primarily on the basis of performance, knowledge and skills.  | 1 2 3 4 5 |

- |     |  |           |
|-----|--|-----------|
| 6.  | The company understands and accurately reports the 20% of strategic cost drivers that account for 80% of company performance in all major business units.                            | 1 2 3 4 5 |
| 7.  | The company understands and accurately reports the strategic drivers that account for the next ten percent of business unit performance.   | 1 2 3 4 5 |
| 8.  | Employee satisfaction is regularly monitored and is high.  | 1 2 3 4 5 |
| 9.  | Customer satisfaction is regularly monitored and is high.  | 1 2 3 4 5 |
| 10. | Product performance is regularly evaluated and compared against competitor products. Performance is at the high end of the range.  | 1 2 3 4 5 |
| 11. | Process performance is regularly evaluated and benchmarked. Performance is at the high end of the range.   | 1 2 3 4 5 |
| 12. | Innovation is encouraged formally and informally in the organization.  | 1 2 3 4 5 |
| 13. | The company is managed in such a way as to create a healthy work and family environment. Diversity is accepted as a strength.  | 1 2 3 4 5 |
| 14. | Employees receive training and development and regular feedback. The company treats employees as assets and avoids using part time workers as second class employees.                | 1 2 3 4 5 |
| 15. | The company formally reports on it ecological impact – inputs, outputs, balance sheet. It views environment innovation as a source of strength that creates long term opportunities. | 1 2 3 4 5 |
| 16. | The company clearly communicates the importance of employee and customer safety. It sets appropriate polices, communicates its values and acts accordingly.                          | 1 2 3 4 5 |
| 17. | The company takes a long term view of its customer relationships. It does not transfer inappropriate costs to consumers.   | 1 2 3 4 5 |
| 18. | The company contributes to its communities and pays attention to the general stakeholder needs and concerns.   | 1 2 3 4 5 |
| 19. | The company provides a fair return to its investors over the medium term.  | 1 2 3 4 5 |
| 20. | The company does not change its risk profile with respect to any of its stakeholders without communicating such changes clearly and on a timely basis.                               | 1 2 3 4 5 |

Total score out of 100

Source: Eclicktick Consulting - Alistair Davidson, Managing Partner, Eclicktick Corporation

## **Approaches to manage an organisation's ethical conduct**

The Ethics Audit is a systematic evaluation of an organization's ethics program and performance to determine whether it is effective.

### Benefits of Ethics Auditing

- Enhance the firm's reputation - Social Responsibility
- Enables identifying potential risks and liabilities to improve compliance with the law to avoid legal ramifications
- Helps companies assess the effectiveness of their programs and policies
- Allows a company to ensure that they are achieving the greatest possible impact with available resources
- Reduces the likelihood of a recurrence of misconduct
- Greater transparency for stakeholders

### The Auditing Process

1. Secure commitment of the firms' top management and/or board of directors.
2. Establish a committee or team to oversee the audit process and reports results. In most firms managers and ethics officer's conduct auditing.
3. Establish scope of the audit - define key subject matter, identify risks, and available opportunities to manage ethics.
4. Review of the firm's mission, values, goals and policies.
5. Identifying the tools or methods that can be used to measure the firm's progress, then analyzing the information.
6. Having an independent party, then verify and analyze the results.

Final Step- Report audit findings to board of directors.

### The Strategic Importance of Ethics Auditing

Attempt to verify outcome and compare them with standards can be considered an auditing activity. Like a financial audit, should be conducted regularly rather than in response to problem or crisis situations. The auditing can be comprehensive or can focus on one or two areas. It can also help fulfill mission statements to boost profits and reduce risk. Will help improve employment practices and operating practices and most importantly can demonstrate the positive impact of ethical conduct and social responsibility.

### Why do ethical audits are important to the business?

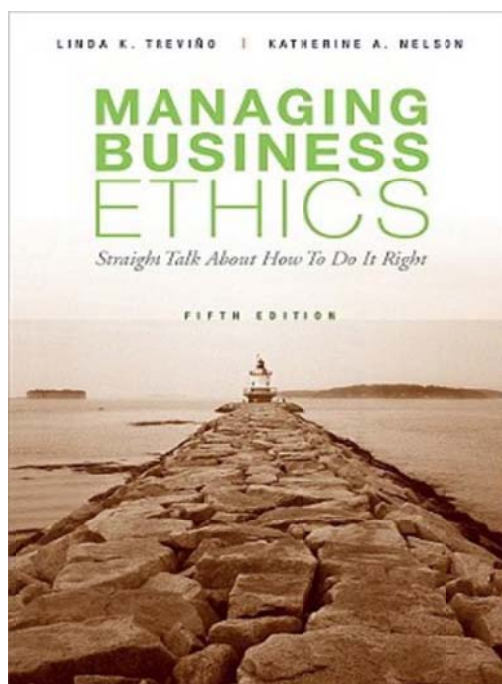
- Can improve performance and effectiveness
- Increase attractiveness to investors
- Improve its relationship with stakeholders

- Identify potential risks
- Decrease the risk of misconduct

### Measurement Tools

- Balanced Scorecard - to provide a more balanced view of organizational performance
- Six Sigma - focuses on improving existing processes that need to be improved
- Triple Bottom Line - measuring social, financial, and environmental factors

Source: <https://prezi.com/l4rzu5b23ugk/chapter-9-managing-and-controlling>



### **Demonstrating a Social Conscience**

Conscience can be described as an attitude of sensitivity toward and sense of responsibility regarding injustice and problems in society.

“It’s not about punishment,” pressed Rob, “it’s about morality and social conscience, it’s about standing up for what’s right versus moral laziness, it’s about courage versus cowardice.” — Arun D. Ellis, Daydream Believers

Social conscience is shaped by a person’s moral framework, but its interconnected elements – *consciousness, structure, and agency* – can be examined independently of particular values or political views.

## Conscience

The words conscience and consciousness are often used interchangeably, but they are not the same. Consciousness, describes a person's knowledge and awareness and also calls upon a person's assumptions and worldview to explain situations, identifying them as fair or unjust, individual or systemic, safe or dangerous.

**Example** - homelessness is an issue of both social and environmental sustainability. While homeless people contribute least to pollution and environmental destruction, they are the first to suffer from them. Homelessness may or may not be on the moral 'radar' of someone who is not experiencing it first-hand; it may be considered a normal part of city life – a non-issue, morally speaking. If considered an issue, a person becoming homeless might be seen as the result of unlucky coincidence, personal failure, punishment for sins, or particular social forces. These four examples are not mutually exclusive, but each fits into a particular kind of worldview dominated by random chance, individual choice, divine will, or complex social systems, respectively, and would elicit a particular kind of response – charity, tough love, evangelism, or social change. Each person's worldview influences the way they treat new information or experiences, but information itself only sometimes has an impact on worldview. Raising consciousness of an issue, while important, is only one element of motivating action to transform it.

## Structure

What sets social conscience apart from individual conscience is its structural or systemic focus. In the first three explanations about homelessness above (unlucky coincidence, personal failure, or punishment for sins), someone may feel compassion and a desire to help a person who has become homeless, on an individual level, from a personal sense of conscience. In the fourth explanation (social forces), they might question the structural reasons for homelessness and want to pursue solutions at a social or political level. Social conscience therefore moves beyond personal, individual interactions, to a wider desire to contribute to a more ethical society.

## Agency

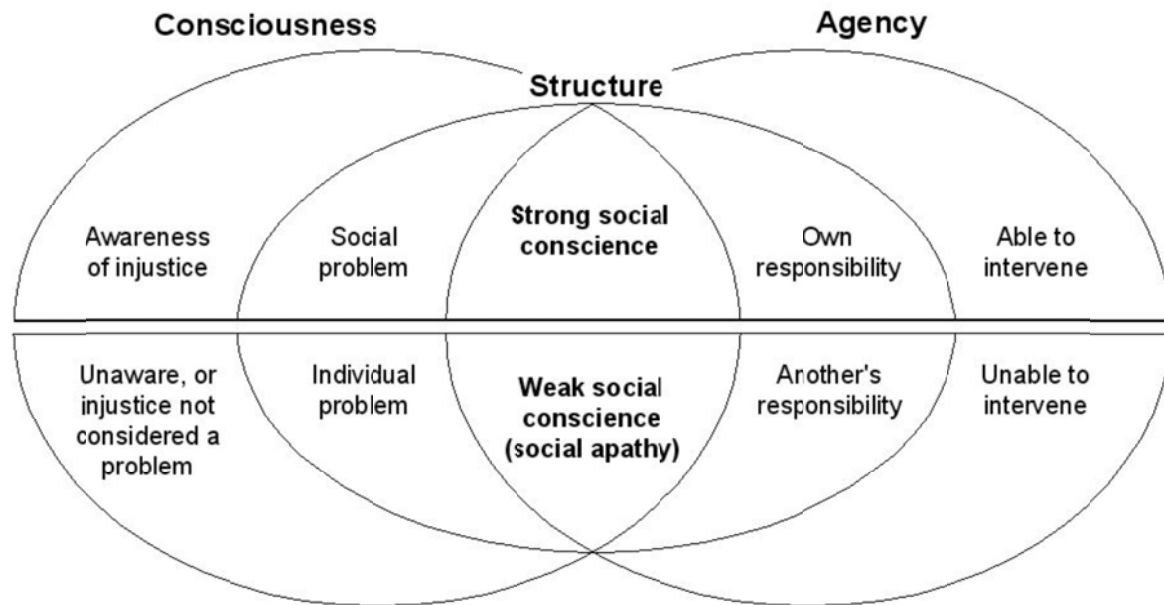
The third element of social conscience is agency, which is a sense of personal power, as well as personal responsibility. While consciousness identifies situations where the reality falls short of the ideal, a person's sense of agency allocates responsibility for action – is it possible to intervene personally, or should someone else be intervening? Individuals cannot care deeply and act effectively on every social and ecological problem they come across, but they can identify problems they feel are both important and that they have the agency to act on.

Both consciousness and agency are based on an understanding of social structure, and ultimately, on values. Therefore, a crucial skill is the ability to identify areas where we feel a sense of agency, and find ways of effectively intervening in those areas that align with our deepest concerns, our knowledge of social structure, and our personal values.

All three elements – consciousness, structure, and agency – must be in place for a strong sense of



social conscience (see Figure 1 at end of chapter). Different combinations of these elements will shape different forms of social conscience. Although the term 'social conscience' is most often associated with the left end of the political spectrum, it is just as applicable to the right when seen as the expression of particular values. As an analytical framework, then, this model can be used to understand and relate different types of social conscience regardless of the political values they express.



Source:

Myshele Goldberg, University of Strathclyde and the Centre for Human Ecology

Lakoff, George (2002) *Moral politics: how liberals and conservatives think*.

Chicago: University of Chicago Press.

Mills, C. Wright (1959) *The sociological imagination*. Oxford: Oxford University Press.

Neafsey, John (2006) *A sacred voice is calling: personal vocation and social conscience*.

Maryknoll: Orbis Books

## **2. Produce and apply appropriate tools to implement and measure the impact of Social Responsibility activities**

### **Measuring and evaluating the impact of the social responsibility strategy within the organisation**

Security analysts are increasingly awarding more favorable ratings to firms with corporate socially responsible (CSR) strategies, according to this paper by Ioannis Ioannou and HBS professor George Serafeim. Their work explores how CSR strategies can affect value creation in public equity markets through analyst recommendations.

Key concepts include:

- Top executives and managers interested in implementing CSR strategies in their organizations know that negative analysts' reactions, and subsequent value destruction in capital markets is a real possibility when they initially attempt to implement such strategies.
- Managers should be aware that not only what is communicated matters but also to whom it is communicated in the investment community. Research analysts differ in their ability to understand the implications of CSR.
- Among theoretical contributions, the research integrates diverse theoretical streams and offers the first empirical piece of evidence about how CSR strategies are perceived as value-creating by an important information intermediary: sell-side analysts.
- The work also integrates the CSR management literature with a large body of research in accounting and finance, to shed light on aspects of CSR activity for which little is known and much less is being understood; namely, the channels and the mechanisms through which the CSR impact is perceived and realized in public equity markets.

Source: <http://hbswk.hbs.edu/item/the-impact-of-corporate-social-responsibility-on-investment-recommendations>

### **Evaluate the Impact of Social Responsibility**

#### **1. Innovation – use of innovative products**

Unilever was able to innovate new products such as a hair conditioner that uses less water. Without sustainability, the company's research and development efforts possibly would not have led to such a product.

#### **2. Cost savings - company start engaging in sustainability by way to cut costs**

Using less packaging or less energy, these savings add up quickly. General Mills reduced its energy savings by 20% by 2015. According to its 2011 CSR report, after installing energy monitoring meters on several pieces of equipment at its Covington, Ga. plant, the company saved \$600,000.

#### **3. Brand differentiation – brand differentiation was one of the primary reasons companies embraced CSR.**

Companies such as Timberland were able to find their voice and incorporate the company's values into their business model. However, as CSR has become more commonplace, using it to differentiate your brand is getting harder to do.

"Cola Wars" is one of the longest running rivalries in business. Coke and Pepsi are constantly looking to grab as much market share as they can from each other. Yet they are both adopting similar, although slightly different, approaches to CSR. Both Pepsi and Coke are pursuing strategies of zero net water usage. Both companies offer water bottles made from sustainable packaging as well. In the end, although neither company is necessarily going to see strong differentiation benefits, I see the diminishing returns on brand differentiation as a sign that CSR is taking hold and is not just a fad.

4. **Long-term thinking** - CSR is an effort to look at the company's long-term interest and ensuring that the company's future is sustainable.
5. **Customer engagement** – What's the point of doing CSR if no one knows about it?

For the past few years, Walmart has established itself as a leader on environmental efforts. Walmart is a leader in environmentalism. In 2008, Walmart ran an ad campaign designed to raise awareness about the environment and the product choices consumers could make. Using CSR can help you engage with your customers in new ways.

6. **Employee engagement** – employees may not be aware of what is going on within the organization, they are missing an opportunity.

Companies like Sara Lee created a cross-functional, global Sustainability Working Team to help create a strategy for sustainability. At a more grass roots level, the Solo Cup Company created the Sustainability Action Network to activate employees in community service focused on the company's CSR priorities.

Source: <http://www.forbes.com/sites/csr/2012/02/21/six-reasons-companies-should-embrace-csr/#47040a694c03>

## **Diagnosing the current situation of the organisation (identifying opportunities for improvement)**

### **How can Social Responsibility be improved?**

If your organization is not currently working towards improving their social responsibility, here is your chance. It's easy, use these five simple tips and you'll see an improvement in no time.

1. **Sustainable purchasing** - make purchasing decisions that are responsible and sustainable, for goods as well as services. - buy business supplies with green certification, and make your purchases from local suppliers.

**2. Transparency** - make sure your organization is upfront and honest, provide information in a way that stakeholders involved can obtain a proper insight into the issues they deem relevant.

**3. Community development** - ensure a positive relationship with the community, get your organization involved. Partner with different charities, and help causes in need.

**4. Employee relations** - follow the rules of law, no discrimination towards employees, and ensure that minimum wages met. Communicate with employees, be commitment to listen to your employees and allow time for feedback. Make them feel like they are a part of a team, use unexpected rewards and stimulate innovation.

**5. Accountability** - take true responsibility for all of your organizations actions.

### **Conducting internal and external analyses (Identifying the internal resources and capabilities of the organisation, SWOT Analysis)**

SWOT analyses are often used during strategic planning, as they can serve as a precursor to any sort of company strategic decision. e.g.: exploring new initiatives, making decisions about new policies, identifying possible areas for change, or refining and redirecting efforts. A SWOT analysis can be carried out to assess the impact of social responsibility of the organisation.

SWOT stands for strengths, weaknesses, opportunities and threats, is an analytical framework that can help your company face its greatest challenges and find its most promising new markets. The method was created in the 1960s by business gurus Edmund P. Learned, C. Roland Christensen, Kenneth Andrews and William D. Book in their book "Business Policy, Text and Cases" (R.D. Irwin, 1969).

In a business context, the SWOT analysis enables organizations to identify both internal and external influences.

When a formalised SWOT analysis is carried out, the management can come up with ways to better capitalize on the company's strengths and improve or eliminate weaknesses."

While the business owner should certainly be involved in creating a SWOT analysis, it could be much more helpful to include other team members in the process.

### **The elements of a SWOT analysis**

A SWOT analysis focuses entirely on the four elements included in the acronym, allowing companies to identify the forces influencing a strategy, action or initiative. Knowing these positive and negative elements can help companies more effectively communicate what parts of a plan need to be recognised.

When drafting a SWOT analysis, individuals typically create a table split up into four columns to list each impacting element side-by-side for comparison. Strengths and weaknesses do not typically

match listed opportunities and threats, though they should correlate somewhat since they're tied together in some way.

### **Internal factors**

The first two letters in the acronym, S (strengths) and W (weaknesses), refer to internal factors, which mean the resources and experience readily available to you. Examples of areas typically considered include:

- Financial resources, such as funding, sources of income and investment opportunities
- Physical resources, such as your company's location, facilities and equipment
- Human resources, such as employees, volunteers and target audiences
- Access to natural resources, trademarks, patents and copyrights
- Current processes, such as employee programs, department hierarchies and software systems

### **External factors**

External forces influence and affect every company, organization and individual. Whether or not these factors are connected directly or indirectly to an opportunity or threat, it is important to take note of and document each one. External factors typically reference things you or your company do not control, such as:

- Market trends, like new products and technology or shifts in audience needs
- Economic trends, such as local, national and international financial trends
- Funding, such as donations, legislature and other sources
- Demographics, such as a target audience's age, race, gender and culture
- Relationships with suppliers and partners
- Political, environmental and economic regulations

Once you fill out your SWOT analysis, you will need to come up with some recommendations and strategies based on the results. These strategies should be focused on leveraging strengths and opportunities to overcome weaknesses and threats.

Additional analytic tools to consider include PEST (political, economic, social and technological), MOST (mission, objective, strategies and tactics) and SCRS (strategy, current state, requirements and solution) analyses.

SWOT can also prompt businesses to examine and execute strategies in a more balanced, in-depth way.

Source: Article by Nicole Fallon Taylor, Business News Daily Assistant Managing Editor

## **Identifying the key Performance Indicators related to the impact of social responsibility**

Organisations use KPIs to attain a holistic view of the organization's achievements and play a key role in evaluating CSR initiatives.

Organisations use Balanced Score Card (BSC) for evaluating social responsibility, prepared in a specific manner by taking care of the prevalent trends. Indicators can be structured to have different perspectives, most commonly used are:

- Employee Perspective
- Environmental Perspective
- Social Policies
- Management Perspective.

Employee Perspective - evaluated by measuring Health and Safety, Diversity Supportive Ratio, Respect Ratio and Satisfaction Ratio.

Environmental Perspective – focusing mainly on the damage that may be caused to the physical environment like Product Recycling, Green-House gas emissions and efficiency in energy usage.

Social Policies – measures directly the Management's achievements in respect of Social contribution, Strategic Partners, Responsibility Percentage and Time spent in volunteering.

Management Perspective – gauging indicators such as Recognition Achieved, Effectiveness in Communication and Management Initiatives.

A full version of the KPIs Balanced Score Card can be downloaded from:

[http://www.strategy2act.com/solutions/social\\_responsibility\\_excel.htm](http://www.strategy2act.com/solutions/social_responsibility_excel.htm)

## **Marketing and Social Responsibility activities. How can organisations achieve the pre-set objectives?**

There has been a shift from a reactionary approach (e.g. responsible business practices as a result of regulations, consumer complaints) to a proactive approach: e.g. Self-regulation, exploring corporate solutions to social problems, etc. Reasons for the shifts are:

- Socially responsible business practices can actually raise profits (e.g. decreased energy use)
- More consumers are basing their decisions on reputation
- Worker productivity and retention
- Increased visibility of coverage of corporate activities
- The need for full disclosure: complete information – i.e. as against 'caveat emptor'

## **Marketing and Social Responsible initiatives**

1. Cause promotion – increasing awareness and concerns about social cause using corporate funds or any other resources of the Company. Alternatively, a company may support fundraising and participate or volunteer in events related to the cause.
2. Cause-related marketing – linking donations being monetary or in-kind to the sales of products and services to consumers.
3. Corporate social marketing – intend to improve public health and safety, the environment, or community well-being through the use of the Company's resources
4. Corporate philanthropy - *contribution* to a charity or cause, in the form of cash, donations or in-kind services
5. Workforce volunteering - encouraging employees to engage with nonprofit organizations and causes, including employees volunteering their capabilities and expertise. Corporate support may vary from paid time off from work to setting teams to support specific targeted causes.
6. Socially responsible business practices – Company adopting discretionary business practices, not falling under the regulatory requirements, to support social causes and improve community well-being and the environment. Community includes employees, suppliers, distributors, nonprofit and public sector partners and members of the general public. Well-being: health and safety, environment, psychological and emotional needs

### **How can an organization achieve the pre-set objectives?**

- Designing facilities that exceed environmental recommendations
- Developing process improvements
- Discontinuing product offerings
- Choice of suppliers
- Choice of manufacturing and packaging materials
- Providing full disclosure of relevant product information
- Developing programmes to develop employees' well-being
- Establishing guidelines for marketing to children
- Accessibility to disabled persons
- Protecting privacy of consumer information
- Considering impact of plant, outsourcing and retail locations on local communities

## **Workforce Volunteering**

Workforce Volunteering is the participation of employees, retail partners and/or franchise members: providing time off, volunteer database matching programmes.

Workforce Volunteering is defined as: *those community service initiatives planned, organized and executed by employees and endorsed by management that generate specific benefits for the corporation, employees and the community (LBG Associates).*

### **Employees donating their time and talent**

Supporting employees, retail partners, and/or franchise members to volunteer their time to support local community organisations and causes. Employees may be engaged in donating: expertise, talents, ideas, labour, etc. Company may also offer time off from work; matching services, recognition for service organising teams. Although not a new corporate initiative, companies are adopting a more strategic approach, often in tandem with other corporate social initiatives.

### **Why participate?**

Being a 'good corporate citizen', companies value it both as an effective tool to fulfil a larger commitment corporate citizenship. It becomes part of the companies' culture. It is the right thing to do, connecting with a company's communities.

Stakeholders' expectations can be met by supporting volunteerism because employees, shareholders and other key stakeholders' value and support volunteerism and expect companies to do the same. Through these programmes the company, employees and communities will benefit.

*"IBM sees benefits to the individual, to the community and to the company. It provides employees with opportunities to grow their skills, connect with the IBM team and to feel good about contributing to their communities. The community will benefit from the skills, expertise and leading edge technology and know-how that will be applied by IBMers to assist in solving their problems. The company will benefit from enhancing its corporate citizenship and image, and increased visibility of the IBM brand and our 'On Demand Technology' approach that is being employed to support volunteerism."*

Diane Melley

On Demand Community Project Director

IBM Corporation

### **Benefits to Company**

*"Volunteerism is one of the investments corporations can make in civil society to ensure their own long-term vitality. This investment supports not only their long-term success, but in the short-term can enhance their public image, strengthen employee skills, improve morale and increase their recruitment and retention of talent."*

Greg Baldwin

Group Director, Marketing and Communications  
Volunteer Match



### **Builds/Enhances Image as “Good Corporate Citizen.”**

Companies encourage and support volunteerism not only because it's part of being a “good corporate citizen,” but also because it's an effective way to demonstrate this commitment to others. It helps implement and address strategic business objectives and positively impacts profitability. Many executives and CR managers believe that corporate volunteer programs lower operating costs, increase sales, create shareholder value and ultimately lead to greater profitability. Aids in employee recruitment and retention, enhances image as “Employer of Choice.” Executives and CR managers both believe that one of the greatest perceived corporate benefits of volunteerism is an elevated ability to recruit and retain top talent. Additional benefits to volunteerism are:

- Enhances external relations and generates goodwill stemming from enhanced images as “good corporate citizens,” many executives and CR managers alike believe corporate volunteer programs may help build and/or strengthen relations with key external stakeholders (e.g., community groups/leaders, government agencies, political leaders, media, the public, etc.). These strengthened relations may generate goodwill toward the company that may be tapped during times of crisis, and help manage and mitigate risks generated by opposition groups that threaten both project success and the value of key assets.
- Builds employee morale, loyalty and productivity. Executives and CR managers alike believe happier employees are more productive employees. When employees feel good about volunteering, they feel good/better about the company they work for and are more likely to come to work and perform better at their jobs.
- Promotes teamwork and builds cohesion among co-workers. Another perceived benefit of corporate volunteer programs is that they provide employees with opportunities to interact with one another outside the workplace in situations that may enhance professional relationships, bring employee teams closer together and teach them how to better work together to complete a common goal or task.
- Provides networking opportunities for employees. Corporate-sponsored volunteer events and activities not only bring co-workers closer together, but also provide opportunities for employees to network with management, with workers from other departments/business they might not normally work with, and potentially with key stakeholders such as customers, clients and community leaders.
- Enhances brand recognition and generates good PR for Company. Companies see corporate citizenship in general, and volunteerism in particular, as a way to increase awareness for the company and its products, increase customer loyalty and potentially impact sales.
- Helps attract customers, clients and business partners. Simply put, many executives believe that by actively encouraging and supporting employee volunteerism, that they are better able to attract and retain customers, clients and business partners. In short, people want to do business with “good corporate citizens.”
- Leverages corporate community relations and philanthropic activities. Not only are corporate volunteer programs an effective way for companies to give back to the

communities where they operate, but they enable companies to “put a face” on their community relations and philanthropic activities.

### **Benefits to Employees**

*“The benefits from an employee perspective alone are many; we feel that volunteer programs build key leadership and project management skills, provide team-building opportunities, increase loyalty and morale and can be the backbone of local connectivity for our mobile and often virtual workforce. For Accenture, (these) benefits . . . are probably the most important . . . as our people are the heart of this initiative. Without their support and participation, we wouldn’t even have a program.”*

Tiffany Brott

Senior Manager, Marketing and Communications

Accenture

What are the benefits for employees?

- Makes employees feel good and increases employee morale. Corporate volunteer programs provide employees with opportunities to contribute to issues and/or organizations they care about. By volunteering in support of these issues and/or organizations, employees gain a sense of accomplishment – a feeling that they made a difference. As a result, employees’ levels of pride and self-worth are elevated. In short, volunteering makes employees feel good, which may help to raise employee morale in the workplace.
- Builds and enhances professional and leadership skills. One of the greatest perceived employee benefits of corporate volunteer programs is the ability to provide a cost-effective means for employees to build and/or enhance a number of transferable professional and leadership skills, such as: planning, organization, communications, time management, project management, budgeting, problem-solving, decision-making, people/social skills, etc.
- Educates employees about community needs and issues. Corporate volunteer programs have the potential to expose/educate employees on community needs, issues and organizations they may not be familiar with or have otherwise learned about.
- Elevates employees’ sense of community, citizenship and civic pride. Many corporate leaders believe that volunteer programs not only raises employees’ awareness for community needs, issues and organizations, but also that corporate volunteer programs have the potential to help energize employees’ levels of citizenship and civic pride, and motivate them to “get involved” in their communities beyond volunteering.

### **Benefits to Community**

What are the benefits for the Community?

- Helps communities become healthier, better places to live and work. Overwhelmingly, executives and CR managers believe their volunteer programs have the ability to raise the condition/standard of living of the residents in the communities where they operate, and help solve/alleviate societal problems and concerns.

- Brings communities closer together. In addition to, but separate from, making communities better places to live, research shows that executives and CR managers believe their volunteer programs not only help bring businesses and communities closer together, but also help bring diverse groups, ethnicities and populations within communities closer together.
- Raises awareness of issues, needs and organizations. Corporate and community leaders both agree that one of the greatest perceived community benefits of corporate volunteer programs is their ability/potential to legitimize, and bring attention to, vital community needs and the organizations active in addressing those needs.
- Generates a renewed spirit of citizenship and civic pride
- Provides non-profit organizations with access to sweat equity – getting more done.
- Provides financial and in-kind support to non-profits via corporate and employee giving.
- Builds non-profit capacity

*Source: LBG Associates*

#### **What may be the potential concerns?**

- The expense involved: in terms of lost productive hours
- Employees' efforts may be spread in too many different issues with a diluted social impact
- It is difficult to coordinate the scattered efforts so that they are visible and may be difficult to link to the company and its brands
- Measurement of effort and outcomes may be more difficult than other forms of CSR
- May be difficult to strike a balance between publicising efforts and flaunting them due to the personal nature of volunteer efforts

#### **When to Encourage Community Volunteering?**

- When current social initiatives would benefit from a volunteer component
- When group of employees expresses an interest in a specific cause that has connections with business and corporate citizenship goals
- When a community need emerges
- When technological advances make it easier to match employees to volunteer opportunities
- When a volunteer effort might open new markets or provide opportunities for product development and research

#### **The UK Volunteering and Learning Charity - Community service volunteers**

- Report: Employee Volunteering: Who Is Benefitting Now?
- Katya Brooks (PhD) and Angela Schlenkhoff-Hus (PhD) 2013

**General Recommendations:**

- Increase cross-sector understanding: Increased communication and understanding is needed, for example, regarding expectations and realities of EV – management, training, monitoring and measurement, accountability and the inherent costs for all parties; and EV and funding opportunities available;
- Publicise EV opportunities and associated benefits, sharing best practice and innovation;
- Consider how to make SMEs more 'EV-ready':

**Recommendations for Community Organisations:**

- Better and more confident definition of needs: make needs more explicit to brokers, employee volunteers and businesses and ensure that they get the most useful support;
- Communication and management of expectations is crucial for meaningful and effective EV in a number of ways:
  1. Employee volunteers should understand the purpose and needs of the community organisations prior to starting a placement in order to personally invest and see the value in the community organisation's work and allotted tasks;
  2. Volunteers' expectations of what they can achieve must be managed – some may expect to see immediate significant impact and that is not always possible;
  3. An EV placement needs to be well-planned and well-communicated so that all parties are aware of what to expect. For example, volunteers may be used to a different way or pace of working and managing that can be resource intensive.
  4. Develop a strategic approach to EV and a position/policy vis-à-vis businesses: actively seek to approach businesses that match the community organisation's needs and strategic aims.
  5. Develop corporate understanding and business drivers for the private sector's engagement in EV: "It is not how much firms give and to whom, but why they give. What is their business rationale in each case?"

**How can community volunteer programs be developed?**

1. Develop guidelines for employee involvement
2. Determine types and levels of employee support
3. Develop an internal communications plan
4. Develop a recognition plan
5. Develop an external communications plan
6. Develop a plan for tracking and assessment

**Recommendations for Businesses:**

- Provide 'employer-supported' volunteering opportunities: ensure employees feel supported by their managers and the business as a whole to take up EV opportunities.

Research and interviewees underlined the importance of business and managerial support, infrastructure provision, and internal promotion of EV as a key part of CSR and core business strategy;

- Offer a variety of different volunteering opportunities matching employees' talents and personal motivations;
- Build consultation with community organisations into the CSR strategy development process;
- Be flexible and open to (new) ideas from community organisations;
- Utilise and listen to brokers for their expert knowledge, skills and understanding of community organisations, community needs, and developing partnerships that are the right fit for all parties.

**Recommendations for Brokers:**

- Develop EV toolkits for employers and community organisations without reinventing the wheel;
- Educate businesses about real community needs and the financial costs of EV;
- Develop more opportunities for community organisations and businesses to develop longer-term partnerships.

**Recommendations for Government:**

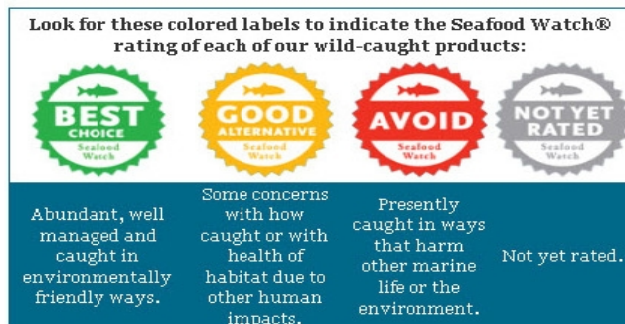
- Acknowledge and celebrate existing volunteering initiatives;
- Acknowledge that volunteering is not a free resource, but has inherent costs.

## Case Studies

### Company:      **Whole Foods Market**

- Cause: Seafood Sustainability
- Target Audience: Shoppers at Whole Foods Supermarket
- Activities: Labeled fish with stickers: green, yellow, red
- Major Partners:
  - UK's Department of the Environment, Food & Rural Affairs
  - Blue Ocean Institute
  - Monterey Bay Aquarium

Buying sustainable fish is important for consumers, however they aren't sure how to choose sustainable fish products and are confused by labelling. Whole Foods Market provided an easy way for shoppers to know which of the seafood product it sells was the 'greenest' by labelling them.



### Company:      **Microsoft**

- Cause: Congestion relief
- Target Audience: Employees
- Activities: Free regional bus service
- Major Partner: Commuter Challenge



Microsoft's Connector bus program for full-time employees in the Seattle, Washington area not only has been hit with the employees that use it but it helped the environmental impact of the region. Launched in September 24, 2007, the Connector consists of a fleet 48 buses that cover 24 different routes, and over 13,000 employees have ridden the Connector since the program launched. The buses are equipped with Wi-Fi for employees to get a head start on their day's work or check the Internet while commuting in comfort.

From an environmental perspective, the Connector provides a convenient alternative to single occupancy vehicle (SOV) commutes for employees, which are often one hour to and from Microsoft's campus in Redmond, Washington. Of the 13,000 employees who have used the Connector, over 5,600 employees were driving alone before using the service.

Since its inception, the Connector has helped remove over 18 million employee car miles from Seattle area roadways, and our CO2 calculations estimate over 17 million lbs of CO2 emissions from vehicles saved. The Connector serves as a great example for Microsoft of an operational decision that has had strong environmental benefits for the surrounding region.

### **Potential Concerns**

- Scepticism of the corporation's motives
- Communicate whether this is going to be a short term or a long term commitment
- Scepticism about the effectiveness of the new practices
- Do not raise alarms: changing practices may be interpreted that the company was not behaving ethically previously.
- Publics will await outcomes

### **Questions:**

1. To what extent can Microsoft's Connector programme be applied to Malta by Companies?
2. Can you think of other CSR initiatives that might address traffic congestion?
3. What process would you design for such initiatives?
4. What could be the limiting factors that might have to be considered in embarking on the proposed programme?

### **Corporate Philanthropy involves a corporation making a direct contribution to a charity or a cause:**

- Cash grants
- Donations
- In-kind services
- There has been a shift from haphazard donations towards:
  - A more strategic approach
  - Focus to tie philanthropic activities to the company's business goals.
  - More long-term relationships with NGOs
- Using social media for crowd-sourced giving: engaging consumers to decide on recipients of contributions

### **The Process:**

- Selecting a cause
- Determining type of contribution (and amount)
- Identifying a recipient for contributions

**Typical Corporate Philanthropy Activities:**

- Cash donations, sometimes matching employee donations
- Offering grants
- Awarding scholarships
- Donating products: equipment; excess products; appliances etc
- Donating services: call centre support;
- Providing technical expertise
- Allowing use of facilities and distribution channels
- Offering use of equipment: e.g. Stands, transport

**Determining levels of giving:**

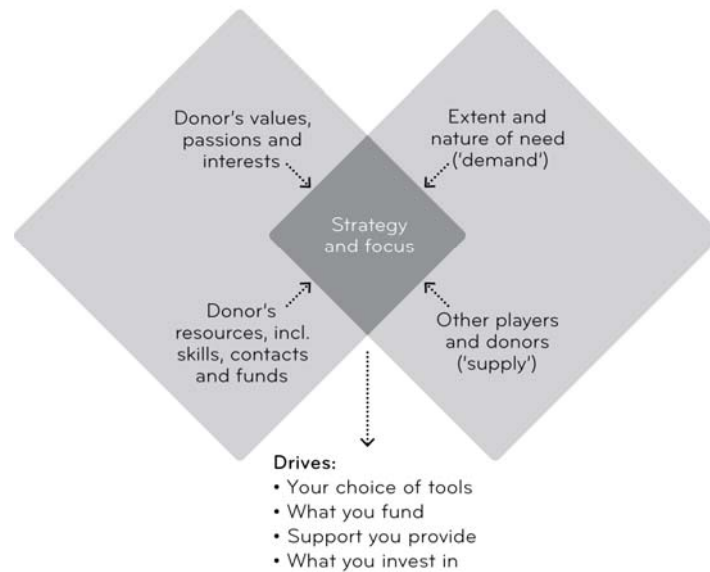
- Prior year's income
- % of pre-tax profits
- % of operating income (e.g. Dow Chemical Co. 7.3% of profits)
- Matching donations by employees
- Public Perception: it is critical for companies to effectively communicate about their philanthropic initiatives. Many companies have omitted this.
- Measurement of outcome: impacts for the social cause.

**What's in it for the Company:**

- Increased respect towards Company;
- A stronger desired brand position
- Enhance productivity (Exxon contributing to road improvements)
- Expand markets (Apple donating computers to schools)
- Improving supply of labour: (training for students)
-



How best to deploy  
these resources...      ...in this world?



### Cash Donations: Google

As you expected from a company who's slogan is "Don't be Evil", Google is very much into donation programmes. Its matching gift program is no exception with Google matching up to \$12,000 in donations per employee each year. One of the highlights of Google's match program is that the company not only matches personal donations to non-profit organizations, but also matches funds employees personally raise for a charitable event which they actively participate in (ex. walks, marathons, bike rides, etc.)



### Donating Products: Sony

Sony Group employees send books to children in South Africa. South Africa Mobile Library Project provides free and easy access to the books for children especially in remote areas. Aiming for equity of primary education in South Africa, Sony supports NPO, South Africa Primary Education Support Initiative (SAPESI) to continue this project. Sony Singapore has been supporting the project since 2008, and collected approximately 32,000 books so far. Every year about 200 staffs participated in the project which includes donating books, cash or volunteering their time to pack books. Book collection has been extended to schools and members of the public. 'We picked a Sony store located in the city so that it is more accessible and convenient for the public to drop off their books.' said project manager at Sony Singapore.

## Using Distribution Channels: Coca Cola Company



The Coca-Cola Company in Africa used the trucks and network which form its legendary logistical operation to combat the spread of HIV and AIDS. It distributed condoms and attractive informational materials to all those dusty villages in the back of beyond where, astonishingly, you can always get a Coke. Not just serving a major need, but creating value for the company because, by 2002, Coca-Cola was Africa's largest private sector employer and stood to lose a great deal by declining physical and economic health of the population



### Donating Expertise: Toyota

Toyota engineers helped the largest anti-hunger charity in the United States, The Food Bank for New York City. What do automotive engineers know about food?

"They make cars; I run a kitchen," said Daryl Foriest, director of distribution at the Food Bank's pantry and soup kitchen in Harlem. "This won't work." But it did, because engineers know about efficiency, and Toyota's engineers were able to identify gaps in The Food Bank's operations. They reduced dinner wait time from 18 minutes to 6 minutes, and the time to pack supply boxes went down to 3 seconds from 6 minutes.

### Crowd sourced giving

Bringing together community members, non-profits, socially-minded businesses and private foundations to finance projects that non-profits struggle to fund. This model is changing the game for four key reasons:

- **Virtual Public-Private Partnerships** – Because crowd funding platforms bring businesses, foundations and individuals together, they're essentially virtual public-private partnerships. What used to require hours of phone calls, grassroots organizing and networking, now takes place in a matter of days on a single website.
- **Transparency** – Businesses are racing to full-fill consumers' desire for deeper transparency and openness. In fact, according to CorporateRegister.com, more than 5,500 companies around the world issued sustainability reports in 2011, up from about 800 a decade ago. Due to crowdfunding's social media-like features, these sites typically detail individual donations, business sponsorships and foundation contributions in a fun way – taking transparency from a buzzword to a friendly and engaging standard. Businesses get an immediate boost from their online support of good causes.
- **Funding Power** – Crowdfunding is Internet based, mobile accessible and socially shareable, allowing all types of donors to participate in real-time with their networks. This technology

can harness the passions and pocketbooks of thousands in a very viral way – funding projects in days versus months.

- Idea Exchange – At their core, crowdfunding platforms are highly searchable. Concerned citizens can locate new projects that warrant their attention, businesses can find programs worthy of their support and foundations can identify projects that complement their mission. For sustainability leaders, crowdfunding lets you see how like-minded non-profits are innovating their communities and how other CSR groups are paying it forward. Essentially, crowdfunding platforms become communities in and of themselves where ideas flourish.



### Strategic Focus: Nike

In 2004, after deciding on the importance of a high leverage approach to philanthropy, the Nike Foundation conducted a “business analysis,” applying Nike’s core competencies in consumer insights and market segmentation to come up with a market-based approach to giving. As Nike’s Senior Portfolio Manager Adam Day says, *“The global development sector had overlooked the enormous potential of investing in adolescent girls to reduce global poverty. We saw a gap in the philanthropic space that we could fill.”*

The Nike Foundation also leans on its expertise in innovation and scale to find solutions to poverty, while keeping its operations separate from the business. Day says, “we have been able to use the best of our Nike DNA, but have the freedom to operate as an independent force for change in the development sector. The focus on adolescent girls is truly authentic to our fundamental belief in the power of human potential, but also represents the highest value investment you can make to end poverty.” Five years later, under the banner of “The Girl Effect,” Nike Foundation and its many partners, such as the NoVo Foundation the World Bank, DFID and the UN Foundation, have successfully influenced the global agenda and helped launch multi-million dollar programs to empower adolescent girls around the world.



### Investing at Scale: Goldman Sachs

In 2008, Goldman Sachs shifted its philanthropic giving from a traditional portfolio of education grants to multi-year initiatives focused on economic empowerment and job creation among under-served small business owners. To do this, Goldman used its competencies in understanding markets, convening needed expertise and business networks. It committed \$100 million over five years to one such initiative, “10,000 Women,” which provides a mix of practical business education, support services and access to capital for under-served women business owners in more than 20 countries. Goldman used its power to scale to get to market quickly, assembling a pipeline of services, investing in sophisticated measurement systems and developing a global core curriculum. Early results are encouraging. Nearly 70% percent of graduates have shown revenue growth and 50% have created jobs.



## Be Accountable for Results: Intel

While many funders track service delivery, a 2010 report by the Committee on Encouraging Corporate Philanthropy notes that metrics measuring only output “offer little indication whether social improvement actually is occurring.” Intel has created a way to measure its impact with its “Intel Teach” program, which has trained more than 8 million teachers in 60 countries and benefited from Intel’s core competency in measurement for rapid prototyping. But Intel doesn’t just measure the number of participants to gauge success. It measures and holds itself accountable for changes in the way that teachers use information and communications technology in the classroom. “Intel is rigorously numerical”, says Wendy Hawkins, executive director of the Intel Foundation. “Measurement makes it more likely that our leaders will support and fund the philanthropy. This is what they demand in their core business.”

Over nearly a decade of evolution, Intel has invested heavily in measurement, finding that 75.4% of participants applied their new plans for integrating technology into the classroom at least once after completing the program. “Most corporations undertake strategic philanthropy expecting a return, a benefit to reputation,” says Hawkins. “If an evaluation comes back negative, it doesn’t help reputation. We’re willing to take a risk. What we’ve learned helps us improve the designs.”

## Eligibility of non-profit



### 1. Microsoft

Microsoft strives to make its software donation programs to be as accessible as possible to non-profits globally. That’s why they give, on average, \$2 million in software donations a day to non-profits across the globe. To get eligibility guidelines per country, please visit the [Microsoft Volume Licensing](#) site to view complete global guidelines or specific country guidelines.

### Guidelines

- Eligible Organizations
- Non-profit and non-governmental organizations must be recognized as charitable organizations in their respective countries in order to be eligible for Microsoft Non-profit Programs. Eligible organizations must also operate on a not-for-profit basis and have a mission to benefit the local community that could include, but is not limited to:
  - Providing relief to the poor
  - Advancing education
  - Improving social welfare
  - Preserving culture
  - Preserving or restoring the environment

- Promoting human rights
- Establishment of civil society

**The following are ineligible for Microsoft software donations:**

- Non-profit organizations that have not obtained recognized charitable status in their respective country;
- Governmental organizations or agencies
- Schools, colleges and universities eligible through Microsoft academic volume licensing programs and are not eligible for Microsoft Non-profit Programs, including non-profit schools.
- Healthcare organizations included in Microsoft Health Programs are ineligible for Microsoft Non-profit Programs. Exceptions include independent non-profit community, behavioural and women's health clinics; hospices; emergency services; and blood banks.
- Commerce and Trade Associations without charitable aims or activities benefitting non-members;
- Sponsorships of events, tables, exhibitions, or performances;
- Fund-raising events such as luncheons, dinners, walks, runs, or sports tournaments;
- Political, Labor, and Fraternal organizations;
- Refurbishers that will be installing the donated software on refurbished computers to be distributed or donated to non-profits or schools.
- Religious or faith based organizations that have not obtained recognized charitable status;
- Individuals.



## **2. Hewlett-Packard**

Hewlett-Packard is reshaping its policies on giving away money to non-profit causes. Now the company will not just give away money. It will also donate the expertise of its employees to build solutions for non-profits.

The change in policy makes sense, as the value of HP's technology expertise could be far more useful, in conjunction with a donation, than just writing checks to charities, said Paul Ellingstad, a director in the office of global social innovation at HP, in an interview. Throwing brain power at a problem could do more good than just throwing money at it.

The HP program helps nongovernmental organizations (NGOs) such as mothers2mothers, a South African group that helps prevent the transmission of the AIDS virus from HIV-positive pregnant mothers to their children.

*HP shall be focused on education and health and want to make sure our philanthropic efforts are more effective."*

*HP will consider giving cash, materials, expertise, and employee time.*

HP will use new database, cloud and mobile services technology to convert mothers2mothers' paper-based patient records into digital form so that information can be shared across more than 700 sites in sub-Saharan Africa. That will enable counsellors provide more effective education and support services to pregnant mothers. The system will provide updated information on patient treatment plans and advanced reporting tools.

Should Philanthropies operate like businesses? Dreams without plans remain dreams. Dreams with plans become reality.

*Wall street Journal*

The acid test of good corporate philanthropy is whether the desired social change is so beneficial to the company that the organisation would pursue the change even if no-one ever knew about it'

*Mark Kramer and Professor Michael Porter*

If 'money is the least valuable social change asset' and companies have a dazzling array of more valuable assets they can deploy, why are they giving money at all? Is that really the best option they can think of?

*It ain't what you give, it's the way you give it*

### **Committee Encouraging Corporate Philanthropy (CECP)**



CECP is a coalition of CEOs united in the belief that societal improvement is an essential measure of business performance. Founded in 1999, CECP has grown to a movement of more than 150 CEOs of the world's largest companies across all industries. CECP is an unprecedented lever for societal change through CEO leadership. CECP believes that corporate executives have the rare potential and shared responsibility to advance solutions to the world's greatest challenges. It requires a serious commitment, guided by leaders with the vision and passion for making an impact.

### **CISCO - Volunteerism**



- Cisco leverages the network as a platform to better the world. Our employees localize the impact of giving back by volunteering in their communities.

#### **Cisco Citizens: Creating Impact through Volunteerism**

- We look for volunteer opportunities that provide Cisco employee volunteers, known as "Cisco Citizens," the chance to make positive and long-term impact in their communities. During fiscal year 2013, Cisco employees contributed more than 129,000 volunteer hours and over \$5.4 million in cash donations to charitable organizations worldwide.

### **Civic Councils: Specialized Programs for Local Communities**

- Each of Cisco's worldwide [civic councils](#) consists of a team of employee champions who are passionate about giving back in their local communities. The civic councils plan volunteer projects, develop non-profit partnerships, roll out product donation programs, and work towards cash grant-making — each initiative custom-fit to the specific needs of the local community

### **Employee Contributions and Volunteer Hours Matched with Cash**

- The Cisco Foundation matches employee donations of money and volunteer time to qualifying non-profit organizations and schools with a cash contribution. All employees are encouraged to take advantage of this generous benefit by volunteering at least a day of service every year to a qualified charity.



Our global workforce represents a diverse range of skills, backgrounds, and perspectives. We believe this is not only our greatest strength as a company, but a powerful force for creating change in our communities. Whether our employees choose to donate their time or money to local nonprofit organizations, we're able to provide them with the tools and resources required to make a meaningful impact.

### **Adobe Pro Bono Initiative**

The Adobe Pro Bono initiative seeks to create mutually beneficial relationships between Adobe, our employees, and our nonprofit partners. Employees who participate in our Pro Bono Initiative can help nonprofit organizations succeed while gaining valuable career development opportunities.