

APPENDICES

James Reidel's presentation on Corporate Social Responsibility, Responsiveness and Performance at the University of Utah in 2002

List of questions to Unilever Indonesia's Mr. Franky Jamin, Corporate Secretary and Mrs. Silvi Tirawaty, Environment Program Manager

Y.W. Junardy – "Integrating CSR into Business Strategy" presentation at the CSR for Better Life Learning Series on October 31st, 2007





INTEGRATING CSR INTO BUSINESS STRATEGY

(An experience sharing)

INDONESIA BUSINESS LINKS
"CSR for Better Life" learning Forum Series
Jakarta, 31 October 2007

Y.W. Junardy
MD & Chief Corporate Officer, PT Rajawali Corporations
Coordinator, Indonesia Global Compact Network

1. CSR is integrated part of Rajawali Mission and Core Values

We aspire to be the most admired and valuable corporation by dedicating ourselves to:

- Delighting **customers** with superior products and services
- Inspiring and empowering **employees** to excel for advancement opportunities
- Satisfying **investors** with superior rate of return and **maximize stakeholders** return
- **Being a Good Corporate Citizen**

We are committed to :

Innovation Excellence Integrity Responsibility Respect



2. Rajawali Commitment in CSR is reflected in Corporate Policy Manual

• The Premise:

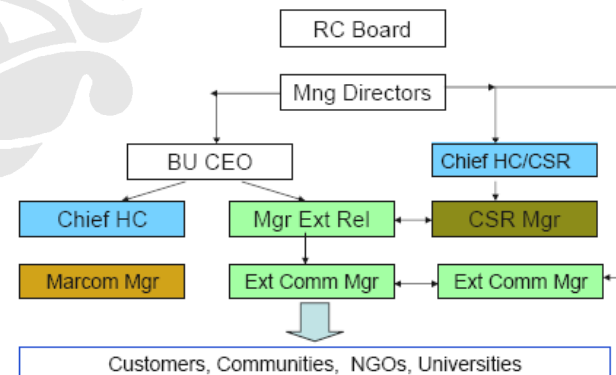
We are part of the community, and therefore have short-term and long-term obligations to them as well as to the environment that we live in.

• Our policy in CSR activities:

- Relevance to Group's core business
- Relevance to Group or BU's locations
- Relevance to the development of future generation through children welfare and education
- Support environmental conservation



3. Integrating CSR in the Organization Structure





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Corporate Citizenship, Social Responsibility, Responsiveness, and Performance

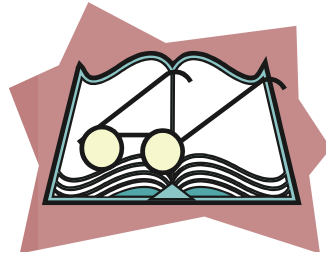
Search the Web

One of the leading organizations promoting corporate responsibility is Business for Social Responsibility : www.bsr.org.



Chapter Two Objectives

- Explain corporate *social responsibility* (CSR)
- Provide business examples of CSR
- Differentiate *social responsibility* and *responsiveness*
- Explain *corporate social performance* (CSP)
- Relate social performance to financial performance
- Describe the socially conscious investing movement



Chapter Two Outline

- The CSR Concept
- Arguments *For* and *Against* Corporate Social Responsibility
- Corporate Social Responsiveness
- Corporate Social Performance (CSP)
- Nonacademic Research on CSP
- Social Performance and Financial Performance
- Socially Conscious or Ethical Investing
- Summary



Introduction to Chapter Two

The focus in this chapter is on corporate social responsibility, which involves responsibilities outside of making a profit and the key questions for corporations include:

- Does business have a social responsibility?
- If so, what is the extent and type of the responsibility?

Search the Web

One of the leading corporations promoting corporate responsibility is Proctor and Gamble:
www.pg.com/about_pg/corporate/corp_citizenship_main.jhtml



Corporate Social Responsibility (CSR)

Preliminary definitions of CSR

- The impact of a company's actions on society
- Requires a manager to consider his acts in terms of a whole social system, and holds him responsible for the effects of his acts anywhere in that system



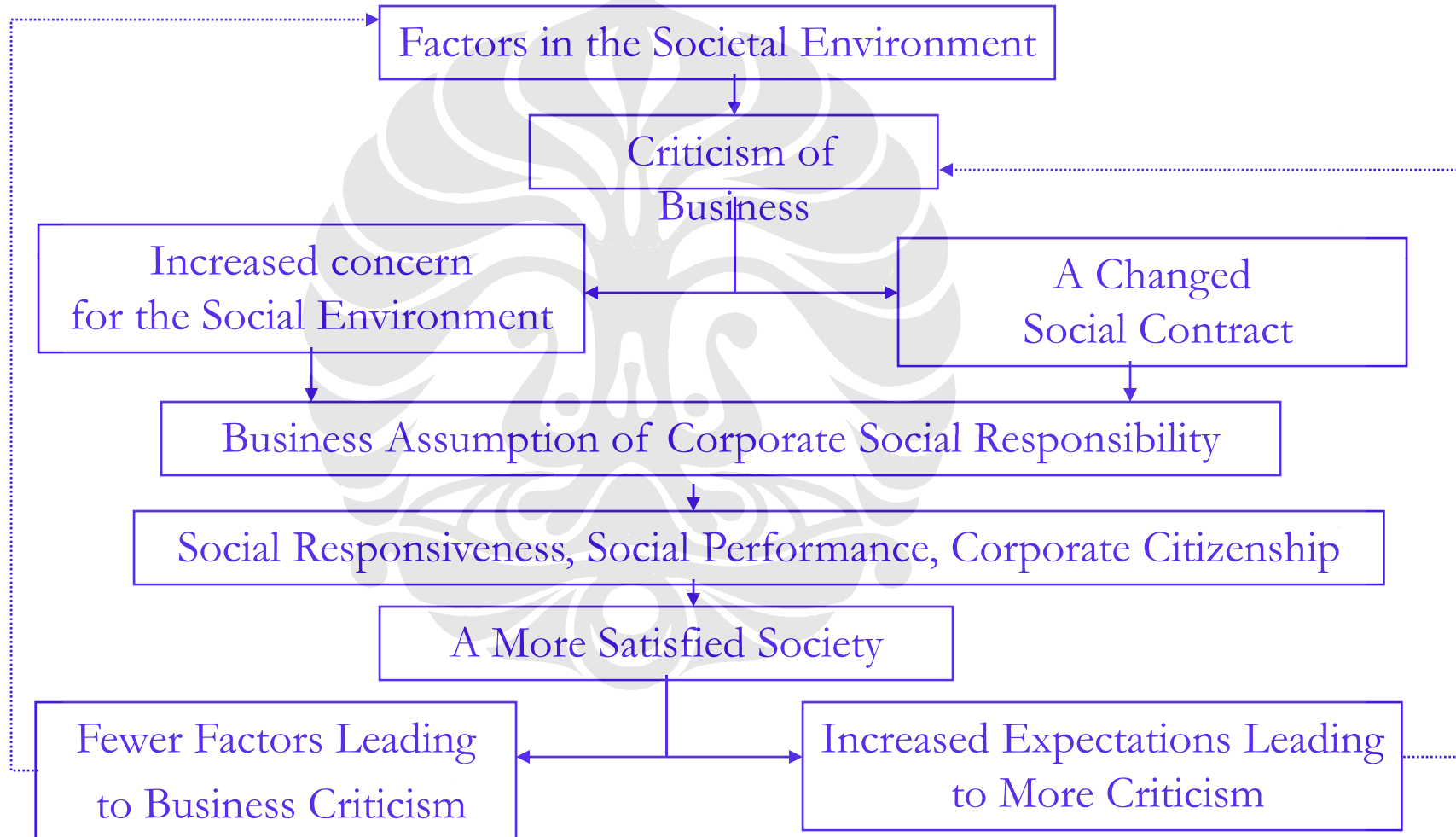
Corporate Social Responsibility (CSR)

Corporate Citizenship Concepts

- Corporate social *responsibility* – emphasizes obligation and accountability to society
- Corporate social *responsiveness* – emphasizes action, activity
- Corporate social *performance* – emphasizes outcomes, results

Corporate Social Responsibility (CSR)

Business Criticism/ Social Response Cycle





Corporate Social Responsibility (CSR)

Historical Perspective

- *Economic model* – the invisible hand of the marketplace protected societal interest
- *Legal model* – laws protected societal interests

Corporate Social Responsibility (CSR)

Historical Perspective

- Modified the economic model
 - Philanthropy
 - Community obligations
 - Paternalism

Search the Web

Milton Hershey was a leading example of an individual who employed philanthropy, community obligation and paternalism. To learn more about Milton Hershey and the company, school and town he built, log on to: <http://www.miltonhershey.com/>

Corporate Social Responsibility (CSR)

Historical Perspective

- What was the main motivation?
 - To keep government at arms length

Search the Web

Businesses are interested in CSR and one leading business organization that companies can join is Business for Social Responsibility. To learn more about BSR, visit their web site at: <http://www.bsr.org/>



Corporate Social Responsibility (CSR)

Historical Perspective

From the 1950's to the present the concept of CSR has gained considerable acceptance and the meaning has been broadened to include additional components



Corporate Social Responsibility (CSR)

Evolving Viewpoints

- CSR considers the impact of the company's actions on society (Bauer)
- CSR requires decision makers to take actions that protect and improve the welfare of society as a whole along with their own interests (Davis and Blomstrom)



Corporate Social Responsibility (CSR)

Evolving Viewpoints

- CSR mandates that the corporation has not only economic and legal obligations, but also certain responsibilities to society that extend beyond these obligations (McGuire)



Corporate Social Responsibility (CSR)

Evolving Viewpoints

- CSR relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems, which by some normative standard have beneficial rather than adverse effects upon pertinent corporate stakeholders. The normative correctness of the products of corporate action have been the main focus of CSR (Epstein)



Corporate Social Responsibility (CSR)

Carroll's Four Part Definition

- CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time

Corporate Social Responsibility (CSR)

Carroll's Four Part Definition

Understanding the Four Components

Responsibility	Societal Expectation	Examples
Economic	Required	Be profitable. Maximize sales, minimize costs, etc.
Legal	Required	Obey laws and regulations.
Ethical	Expected	Do what is right, fair and just.
Discretionary (Philanthropic)	Desired/ Expected	Be a good corporate citizen.

Pyramid of CSR





Corporate Social Responsibility (CSR)

CSR in Equation Form Is the Sum of:

Economic Responsibilities (*Make a profit*)

Legal Responsibilities (*Obey the law*)

Ethical Responsibilities (*Be ethical*)

Philanthropic Responsibilities (*Good corporate citizen*)

CSR

Corporate Social Responsibility (CSR)

Stakeholder View

Stakeholder Group Addressed and Affected

CSR Component	Owners	Consumers	Employees	Community	Others
Economic	1	4	2	3	5
Legal	3	2	1	4	5
Ethical	4	1	2	3	5
Philanthropic	3	4	2	1	5

Corporate Social Responsibility (CSR)

Arguments Against

- Restricts the free market goal of profit maximization
- Business is not equipped to handle social activities
- Dilutes the primary aim of business
- Increase business power
- Limits the ability to compete in a global marketplace



Corporate Social Responsibility (CSR)

Arguments For

- Addresses social issues business caused and allows business to be part of the solution
- Protects business self-interest
- Limits future government intervention
- Addresses issues by using business resources and expertise
- Addresses issues by being proactive



Corporate Social Responsibility (CSR)

Business Responsibilities in the 21st Century

- Demonstrate a commitment to society's values and contribute to society's social, environmental, and economic goals through action.
- Insulate society from the negative impacts of company operations, products and services.
- Share benefits of company activities with key stakeholders as well as with shareholders.
- Demonstrate that the company can make more money by doing the right thing.



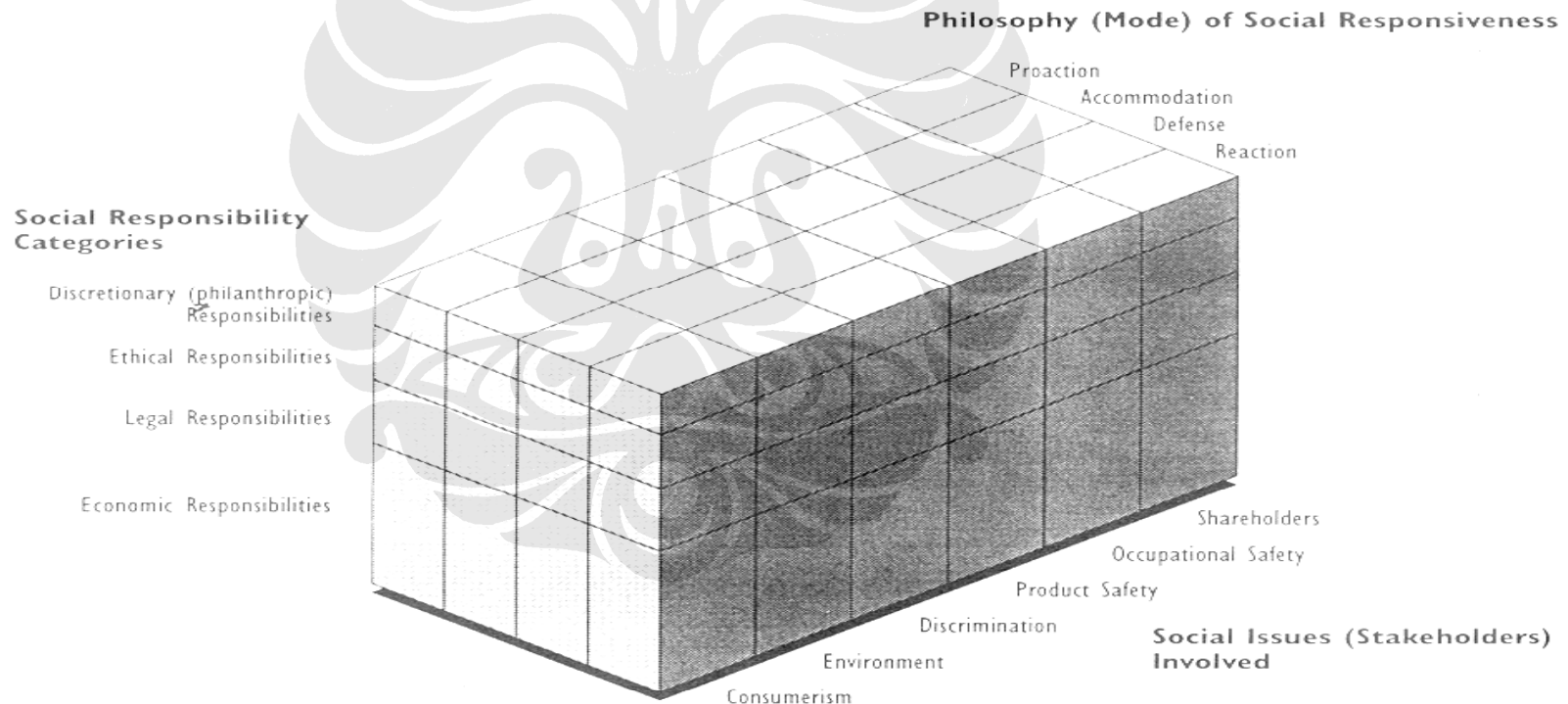
Corporate Social Responsiveness

Evolving Viewpoints

- Ackerman and Bauer's action view
- Sethi's three stage schema
- Frederick's CSR₁, CSR₂, and CSR₃
- Epstein's process view

Corporate Social Performance

Carroll's CSP model integrates economic concerns into a social performance framework





Corporate Social Performance

Extensions and Reformulations

- Wartick and Cochran's extensions
- Wood's reformulations
- Swanson's Reorientation

Corporate Social Performance

WARTICK AND COCHRAN'S CORPORATE SOCIAL PERFORMANCE MODEL EXTENSIONS

PRINCIPLES	PROCESSES	POLICIES
CORPORATE SOCIAL RESPONSIBILITIES	CORPORATE SOCIAL RESPONSIVENESS	SOCIAL ISSUES MANAGEMENT
(1) Economic (2) Legal (3) Ethical (4) Discretionary	(1) Reactive (2) Defensive (3) Accommodative (4) Proactive	(1) Issues Identification (2) Issues Analysis (3) Response Development
DIRECTED AT:	DIRECTED AT:	DIRECTED AT:
(1) The Social Contract of Business (2) Business as a Moral Agent	(1) The Capacity to Respond to Changing Societal Conditions (2) Managerial Approaches to Developing Responses	(1) Minimizing "Surprises" (2) Determining Effective Corporate Social Policies
PHILOSOPHICAL ORIENTATION	INSTITUTIONAL ORIENTATION	ORGANIZATIONAL ORIENTATION

SOURCE: Steven L. Wartick and Philip L. Cochran, "The Evolution of the Corporate Social Performance Model," *Academy of Management Review* (Vol. 10, 1985), 767.



Corporate Social Performance *Nonacademic Research*

- Fortune's ranking of *most* and *least* admired corporations
- Council on Economic Priorities Corporate Conscience Awards
- *Business Ethics* Magazine Awards
- WalkerInformation's Research on the impact of social responsibility



Corporate Citizenship

Corporate citizenship embraces all the facets of corporate social responsibility, responsiveness and performance



Social—and Financial—Performance

Perspective 1: CSP Drives the Relationship



Perspective 2: CFP Drives the Relationship



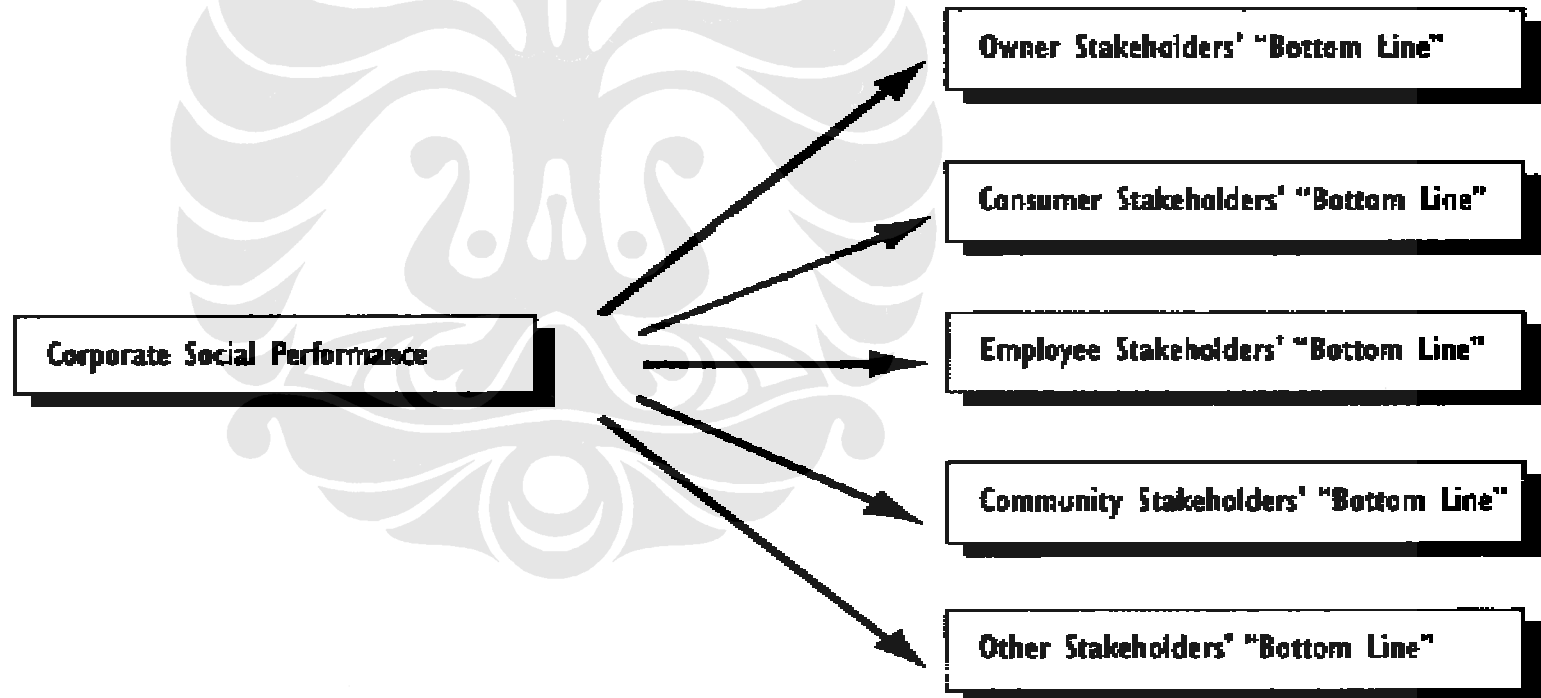
Perspective 3: Interactive Relationship Among CSP, CFP, and CR



Social and Financial Performance

A Multiple Bottom-Line Perspective

**RELATIONSHIP BETWEEN CORPORATE SOCIAL PERFORMANCE (CSP) AND
STAKEHOLDERS' "MULTIPLE BOTTOM LINES"**





Socially Conscious or Ethical Investing

Social screening is a technique used to screen firms for investment purposes



Selected Key Terms

- Business for Social Responsibility
- Community obligations
- Corporate Citizenship
- Corporate social responsibility
- Corporate social responsiveness
- Corporate social performance
- Economic, legal, ethical and discretionary responsibilities
- Paternalism
- Philanthropy
- Pyramid of CSR
- Socially conscious investing