

Problèmes managériaux Contemporains

Licence 1 – S.BEZ

CHAP 6. Why and How pursue its
Corporate Social Responsibility
(CSR)?



Agenda

- Introduction
- Chap 1 – What is behind the term « company »?
- Chap 2 – Why does a company need to grow?
- Chap 3 – Where should a company compete (vertical integration and diversification)?
- Chap 4 - Where should a company compete (geographical scope)?
- Chap 5 – Why and How innovation?
- Chap 6 – Why and How does a company pursue its CSR?
- Chap 7 - Why and How a platform strategy?
- Chap 8 – Why and how deal with the ethical issues?
- Conclusion



UBER A MODEL TO FOLLOW?

POWERFUL PLATFORM
valued at \$70 billion in 2017
500 0000 cars,
30 0000 employees,
500 cities in 70 countries,
Millions of users per day

WHO WANTS TO WORK FOR UBER?

- Rejection of laws and rules: an unlicensed taxi service therefore illegal and based on the exploitation of employees
- Dynamic prices
- Anti-competitive behavior:
 - UBER loses money on car drives
 - Order 5000 Lyft and then cancel the ride
 - False information to drivers
 - False information to potential Lyft investors
- Attacks on journalists criticizing UBER: Sarah Lacy
- Hires Carnegie Mellon University's National Robotics Engineering Center Research Team
- Complaints of sexual assault and discrimination against women (the number of female engineers increased from 25% to 3%)
- Operation Greyball
- Video of Kalanick
- Waymo denounces a theft of 14,000 files on autonomous car technology



UBER A MODEL TO FOLLOW?

COMPETITIVE ADVANTAGE IS
BASED IN PART ON UNETHICAL OR
NON-SOCIAL BEHAVIOR

PLAN du cours

□ CHAP 6. Why and How does a company pursue its CSR?

1. What is corporate social responsibility?

1.1. Types of responsibilities

1.2. The content of the responsibility

2. Implementation

1.1. Motivations for CSR

1.2. Limits to CSR

1.1. Types of responsibility

Economic responsibility



“There is one and **only one social responsibility** of business – to use its resources and engage in activities designed **to increase its profits** so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud”

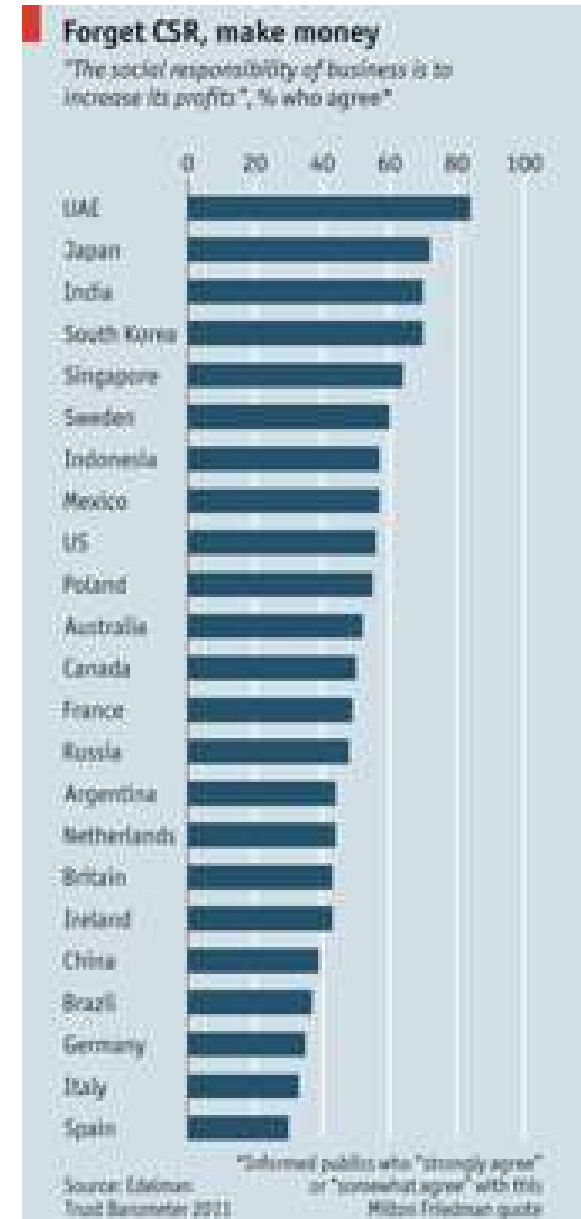
Prix Nobel Milton Friedman

According to Friedman, is UBER a company with CSR?

1.1. Types of responsibility

Economic responsibility

The American firm Edelman surveyed people around the world to determine their position on the issue: **do they support Friedman ?**



1.1. Types of responsibility

Economic responsibility

- Why does a company have an economic responsibility?

What is the company?

1.2 – The reality of the company

Cf. Chapter 1



1.1. Types of responsibility

Legal responsibility

- Legal Responsibility j :
 - The law sets the rules of the game
 - And the law codifies ethical behaviors (differentiates good/evil)
 - Codes: to protect employees, to protect consumers, to protect the environment etc.



1.1. Types of responsibility

Legal responsibility



Is Startbuck's an ethical company?

- Starbucks' Policy:
Fair trade
Sustainable and responsible culture
- But, much criticized for the level of tax paid as the first café was opened in 1998 in England, it paid very little income tax (13.5 million)
- To stop the criticism, Starbucks has offered to pay EN PLUS 16 million for the years 2013-2014 without any legal obligation

1.1. Types of responsibility

Legal responsibility

The law defines the minimum acceptable...
... leaders must go beyond.

The law does not take into account:

- *specific contexts*
- *Emerging topics (e.g. Internet privacy policy; genetic engineering)*



To go further

Taxes on GAFA...

1.1. Types of responsibility

Ethical responsibility

- The company has specific expectations about what is considered fair and equitable:
the set of standards on the expectations and values of society (good and bad).
Perhaps more specific and concrete: Professional rules

<https://www.elaee.com/2018/09/26/29814-consommer-responsable-boycotter-communicuer>



1.1. Types of responsibility

Philanthropic responsibility



3 billion in cash or software for those who can not afford a computer

- Philanthropic Responsibility :
 - Under the idea of corporate citizenship
 - Voluntarily wanting to give back to society

1.1. Types of responsibility

Philanthropic responsibility

- *"to present themselves as friends of the country. For example, when Coca-Cola entered the Chinese market in 1979, [...] to establish relations with local communities (construction of 50 primary schools, 100 libraries...)*



- Really Philanthropic?
- *it encountered a certain hostility locally, so with these actions Coca-Cola was able to negotiate with the government authorities good conditions of establishment. [...] 23 factories allowing it to have 23% of the soda market in China. [...] Pepsi-Cola, which invests less in its networks[...] Its market share is now only 6% in this country." »*

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1.2. The content of the responsibility

- Triple bottom line :



Conclusion

RSE :

- An analytical framework to guide companies in their decision-making more effectively.

- ✓ **3 domains**
- ✓ **4 levels**





Conclusion

CSR hypothesis:

The company gave the right and privilege to shareholders to create publicly traded companies, in exchange the company owes something to the society.

Questions asked by CSR for each company:

What is our economic, legal, ethical and philanthropic responsibility for our stakeholders?

in the economic, social and environmental fields?

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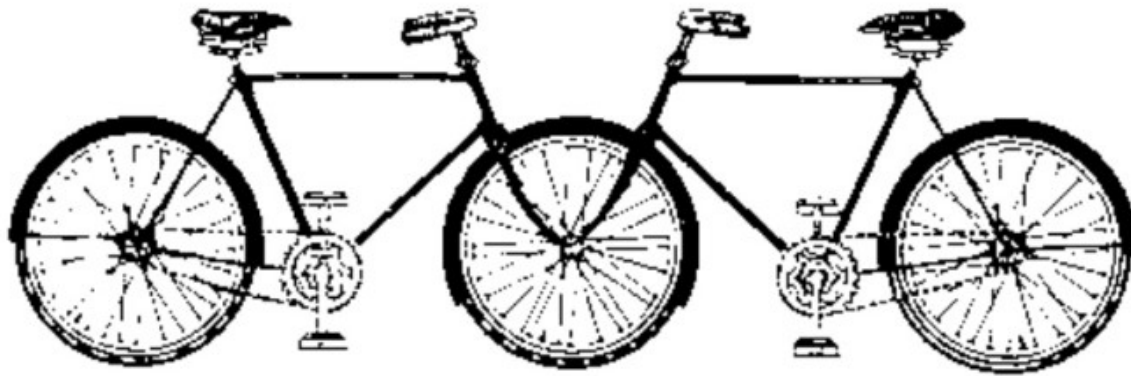
1.1. Motivations for CSR

1.2. Limits to CSR

**IT'S UP TO
YOU**

Why do CSR?

2.1. Motivations for CSR



Mental model : false representation

(The Logic of Scientific Discovery – Popper)



2.1. Motivations for CSR

Motivation 1 :

Maintain, Restore or Improve Reputation with a CSR Policy

Reminder:

Reputation can lead to a competitive advantage

There are different reputations:

Reputation for innovation

Reputation for customer service

Reputation for the brand

Reputation as a corporate citizen

Etc.

<https://www.youtube.com/watch?v=kSvT02q4h40>

Apple's brand valuation is worth: \$230 billion

FOXCONN[®]



CSR represents up to 40% of the company's image/reputation

2.1. Motivations for CSR

Motivation 1 :

Maintain, Restore or Improve Reputation with a CSR Policy

Respects local working conditions but not enough...
... RANA PLAZA in Bangladesh

<https://www.youtube.com/watch?v=9Fkhzdc4ybw>

2.1. Motivations for CSR

- Motivation 2: Internal costs generated

Internal costs of waste, work accidents, burnout etc => CSR can be a solution to avoid these costs and negative externalities !

Remark : circular economy

<https://kenniskaarten.hetgroenebrein.nl/en/knowledge-map-circular-economy/what-is-the-definition-a-circular-economy/>



2.1. Motivations for CSR

Motivation 3: To be or remain competitive!

Ecosia works like any conventional search engine, but with a difference in size: our profits are used to plant trees.

2.1. Motivations for CSR

Motivation 3: To be or remain competitive!

SBO

With CSR actions, it is possible to increase the perceived value of green products and services while decreasing the cost of production and distribution

Other Example of incumbent : « Green is green » (General Electric)

« increase the perceived value of green products and services while decreasing the cost of production and distribution"»

Investments of 20 billion in green offers: wind, solar, water etc. (Ecoimagination)

- Generated \$270 billion
- For information: green offers have surpassed the capacities of carbon mines in terms of electricity production

Diapositive 28

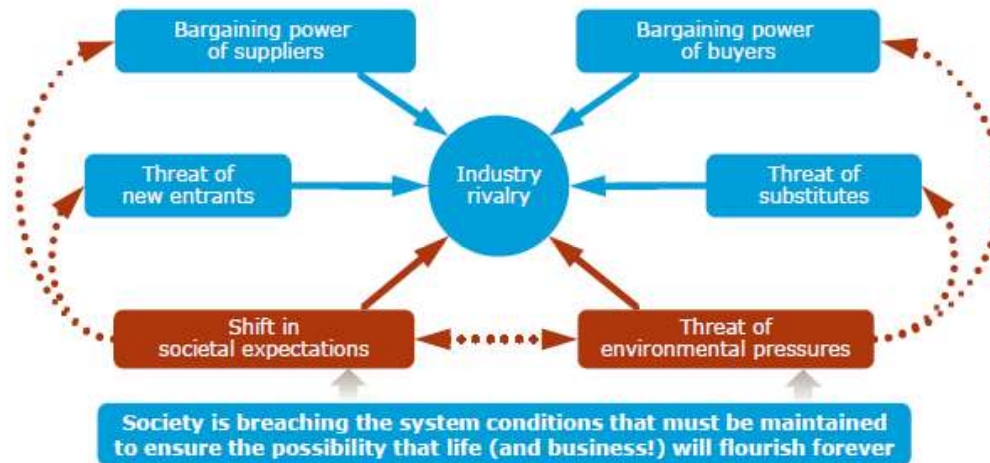
SBO mettre cet exemple avant (début de motivation)
SEA BEZ; 2021-10-15T11:42:51.556

2.1. Motivations for CSR

Motivation 3: To be or remain competitive!

Societal Expectations and Environmental Pressures Change Competitive Strengths (Porter's 5 Strengths)

... calls for a systems perspective on how to succeed



2.1. Motivations for CSR

- **Motivation 4: "Creation of shared value" Porter**

Create a bigger "cake" that benefits shareholders and all stakeholders

2.1. Motivations for CSR

Exemple : « Bottom of the pyramid »

The largest but also the poorest socio-economic group

- Can generate a large market.
- If successful, it will satisfy the quality of life of the poorest
- Exemples :
 - ✓ *Arvind Ltd : des jeans en kits*
 - ✓ *Tata avec la Nano 2500 dollars*
 - ✓ *Des tubes de dentifrices ou shampoing une dose*
 - ✓ *les microcredits,*
 - ✓ *Smart Villages,*

2.1. Motivations for CSR

- Motivation 5: Attract high potentials
Make sense (and not just money)
- Motivation 6: Ethical shareholder: investing in UBER?



2.1. Motivations for CSR

- Motivation 7: Institutional constraints

The different institutional constraints:

- Coercive constraints: law, regulations
- Normative constraints: professional rules
- Mimetic constraints: imitations of organizations

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2.1. Limit of CSR

Limit of the juridic responsibility



- UBER not respected despite the law but uses "the pressure of consumers wishing to keep uber"

2.1. Limit of CSR

Limit of the juridic responsibility



- 1999-2000: GSK market leader Drug Zinnat
- Entry of a competitor Flavelab
- Company GSK Strategy Price drop below variable cost
- Objectives Take out Flavelab Make an example
- 2000: Flavelab quit
- GSK prices rise Price above 1998 price Compensation for losses (Over-profits)
- No entry of new competitors Successful deterrence

2.1. Limit of CSR

Limit of the implementation

- https://www.youtube.com/watch?v=_RBW2bcMzuU
- <https://www.youtube.com/watch?v=POenW2Zvh-s>

=> « greenwashing »

2.1. Limit of CSR

Limit of the implementation

CSR, a concept criticized:

smoke screen

obstacle to initiative

Expensive



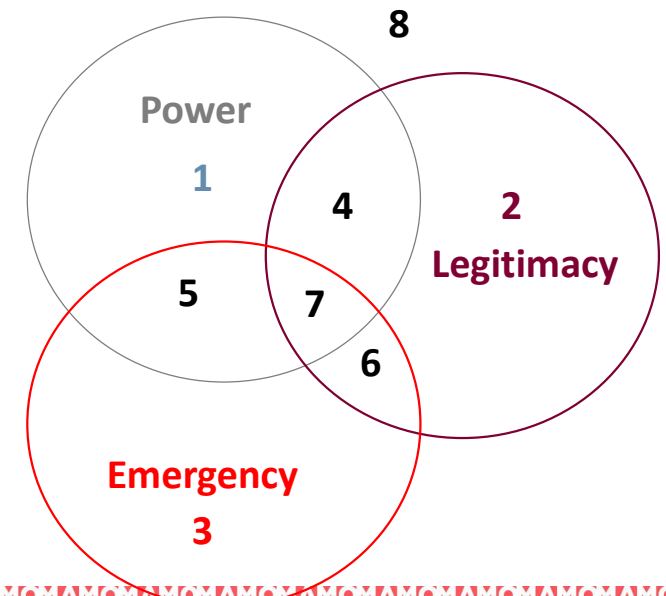
2.1. Limit of CSR

Limit due to asymetries

Asymmetric: preference for one of the firm's three dimensions!

Asymmetrical: does not take into account actors without power, without legitimacy and non-urgent causes?

- Power: able to make him act
- Legitimacy: legally valid or appropriate request
- Emergency: requires immediate response

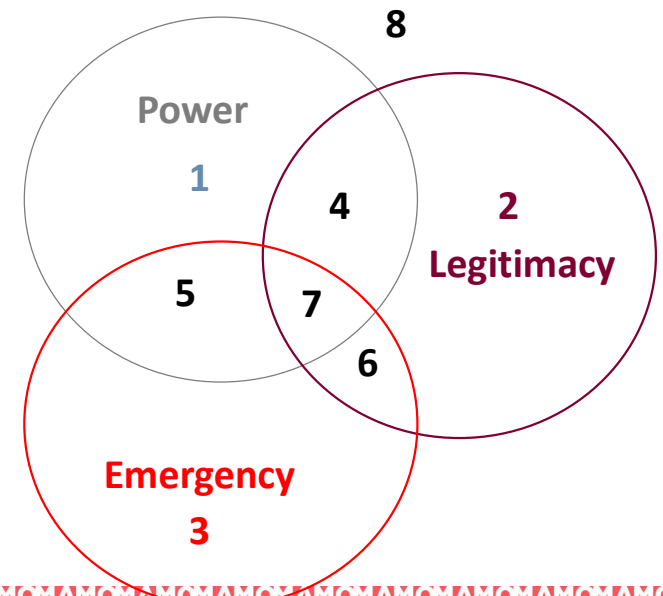


2.1. Limit of CSR Debate

- In 2014, Boeing announced that the 787 Dreamliner jet would be built exclusively in non-union states like: South Carolina.

What for?

- Turns this argument into a sales argument...
- And relevance of the decision in relation to CSR policy?



2.1. Limit of CSR

Limit due to measure

➤ Take into account the political dimension of CSR in companies dominated by finance:

➤ What value?

➤ How to distribute it?

➤ To which stakeholders?



... KPI: Number of articles or comments on the internet referring to the csr of the company

2.1. Limit of CSR

Limit due to degree of integration





REVISION CHAP 6

- According to Friedman, what is CSR?
- What is the point of studying CSR as a framework for analysis?
- What are the responsibilities of the company with a broader vision of CSR?
- What are the motivations for implementing CSR?
- Are economic and societal performance compatible?
- What are the limits?
- What is the analytical framework: "creating shared value"?
- Is it a problem that CSR is not measurable?
- Which stakeholders matter most?
- What are the different degrees of integration?



Entrainement examen

Partie 1 – Question de cours

Est-ce qu'une entreprise peut développer un avantage concurrentiel avec un comportement inéthique ?

- A. Oui, le comportement inéthique peut aider le développer d'un avantage concurrentiel
- B. Oui, le comportement inéthique peut aider le développer d'un avantage concurrentiel mais il est toujours sanctionné juridiquement s'il est partagé publiquement
- C. Non, une entreprise peut avoir un comportement inéthique et le développer un avantage concurrentiel mais les deux comportements ne sont pas liés
- D. Non, un comportement inéthique nuit forcément à l'avantage concurrentiel



Entrainement examen

Partie 1 – Question de cours

D'après Milton Friedman, quelle est la ou les responsabilités de l'entreprise ?

- Economique
- Economique et Educatif
- Economique, Social et Environnemental
- Economique, Educatif et Environnemental



Entrainement examen

Partie 1 – Question de cours

Quelle est l'utilité de la RSE comme cadre d'analyse ? (1 à 4 réponses)

- permet d'évaluer la politique RSE des entreprises
- guide la prise de décision concernant la RSE au sein des entreprises
- permet de monter un dossier pour des poursuites juridiques
- permet d'identifier comment mettre en place la RSE

Plus : on arrete pas l'éco

- La transition écologique
 - Emmanuel Druon : Pocheeco
 - 1 milliard d'enveloppe par an => envelope ecologique
 - Le papier utilise provient d'une foret à chaque arbre couper, un est replanté

Remarque : Emmanuel Druon vient de publier [Economie 2 : la transformation créatrice, aux éditions Actes Sud.](#)
- Ecolonomie
 - Entreprendre sans détruire : papier, encre (à base d'eau), colle végétal mais aussi énergie (photovoltaïque ou éolienne)
 - Mode de transport, logistique (toujours chargé à bloquer)
 - Tout est pensé pour être réutilisable : protéger santé humaine, protéger l'écologie et permettre la rentabilité