

Evaluation of a corporate ethics program report examples

[Health & Medicine](#), [Alcoholism](#)



Introduction.

This paper seeks to evaluate the corporate social responsibility of the Diageo plc. It aims at identifying the specific areas of corporate social responsibility in which the company invests and give a comprehensive evaluation of the same.

Diageo is a company in the Fast Moving Consumer goods (FCMG) industry and is known to be the world's leading business in premium drinks. The company is famous for its distinctive and outstanding beverage brands both alcoholic and non alcoholic. Such brands include Johnnie Walker, Tanqueray, Guinness, Windsor and Bushmills. It is worth noting that the products of Diageo are sold in more than 180 countries world over. The wide market which is exhibited by the 180 countries of Diageo's operations are found in North America, Europe, Africa, Latin America and Caribbean, and Asia Pacific. In all those regions, The Company has heavy investments which include Breweries and other related industrial investments and factories. The company is also listed in the New York and the London Stock exchange markets in the United Kingdom.

The business lives for the purpose of “ celebrating life, everyday, everywhere”. The corporate social responsibility strategy of Diageo covers social, environmental and economic impacts. Such impacts include: alcohol in society, water, environment, communities, people and compliance and ethics.

At the heart of the business, the daily activities in Diageo are guided by five values which are clearly outlined in the Code of Business conduct of the company. The values are as follows:

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- “We are passionate about our customers and consumers”: the growth of the business is driven by the insights of the consumers and customers alongside the curiosity of the company employees. Innovation and owning performance enable the company to unleash all its potential and keep growing and competitive in the global market arena.
- “ We give ourselves and each other the freedom to succeed”. This serves as a booster to the entrepreneurial spirit and fosters teamwork within the company. This is critical to performance.
- “ We are proud of what we do”. The activities of the company are sensitive with a key focus on integrity and social responsibility.
- “ We strive to be the best”. The company is made of aggressive teams which are always striving to earnest new and beneficial ideas for the benefit of the company.
- “ We value each other”. The company aims at establishing mutual relationships and partnerships in all its dealings.

The performance of Diageo is weighed against the Global Reporting Initiative guidelines. According to the global reporting initiatives principles, in this regard the triple bottom line, Diageo has aligned its CSR at a B+ application level. These standards are important because they give the company a global evaluation alongside other companies.

The Diageo Corporate Social Responsibility program is an extensive feature of the company which is made up of five key elements.

- Alcohol in society.
- Water and environment.
- Socio-economic development.

- Our people.
- Governance and ethics.

Alcohol in society.

The company is devoted to create a more positive role for alcohol in society. This is done through influencing adults to influence their choices on whether, when and how much to drink. The company works closely with all its consumers in all its markets to ensure “celebrating life every day, everywhere”. This all leads to responsible drinking and prevention of alcohol misuse and abuse by the consumers. This role is fuelled by the fact that alcohol can be one very dangerous product if misused and could be a reason for the social and moral breakdown in any society. The company also seeks to prevent underage drinking at all costs. To ensure that alcohol in society is not used to the detriment of any part of the society, the company is committed to: Communicating about alcohol responsibly and promoting rigorous company and industry-wide marketing standards, Tackling alcohol misuse by supporting effective programmes to raise awareness and working with others to seek to change attitudes and behavior and getting policy right by arguing for effective regulation based on evidence, and which doesn't result in unintended consequences.(Diageo, 2012). These commitments are pivoted on the following bases: Ensuring that the Diageo Marketing Code is compliantly adhered to in all the business endeavors in Diageo; Responsible Drinking Reminders are included in all above-the-line advertising materials. DrinkIQ. com (an initiative to guide on responsible drinking for all consumers) is included in all brands: both renovated and new brand labels

and effective self regulatory and co-regulatory codes in the 40 top countries by volume. DrinkIQ. com is basically meant to help people make their own responsible decisions about drinking or not drinking and give them the confidence to be ambassadors of responsible drinking. The efforts to ensure proper use of alcohol in society by the company can be greatly noted in the year 2012 when the company achieved the development of internationally-agreed standards for responsible marketing, the European Responsible Marketing Pact, a new set of digital guidelines for Europe and the United States and the establishment of alcohol marketing codes in various countries. It is also worth noting that since 2008, Diageo has managed to establish new codes for alcohol marketing in 20 countries. The company also supports over 300 responsible drinking programmes in 49 countries world over. Diageo ensures responsible drinking through various ways, among them, preventing excessive drinking, tackling drink driving, addressing underage drinking, and working with retailers to ensure responsible sales.

Water and environment.

Diageo recognizes the critical role of water and environment in the survival and sustenance of life. As such, the company is committed towards achieving minimal impacts on the environment and protects the resources that sustain the business and the entire community. For example the company is working towards curbing the carbon emissions to zero level by the year 2015. Problems like the landfill which require local solutions are underway and have already been accomplished in 24 sites around the world. (Diageo, 2012). To ensure water conservation and protection in the water

stressed zones, the company encourages proper use of water and ensures zero waste disposals in any water source around the world. To ensure good water and environmental conservation, the company has set some targets (target horizon being 2015) which are already underway: To reduce carbon emissions by 50%, to improve water efficiency by 30%, Reduce water wasted at water stressed sites by 50%, Reduce polluting power of waste water by 60% and eliminate waste to landfill. The targets were at a reasonable level as at 2012 and the possibility of achievement is imminent by the year 2015. Diageo recognizes that water is vital for life, water is life, and also plays a critical role in the manufacture of all the products of the company. As such, the company is committed to ensure water efficiency around the globe. The responsibilities of the company towards water conservation are operationalized in the following three targets, to use water more efficiently throughout the business, to improve the quality of the wastewater discharged and to minimize the water wasted in water-stressed sites. The company also encourages her suppliers to engage in agriculture for sustainable use of water.(Diageo, 2013). The company is also focused on achieving zero water pollution.

Socio-economic development.

The company aims at giving back to the communities within which it operates. This aim is founded on three pillars: Local wealth creation, Community investment, and advocacy for positive change. To achieve the pillars, the company has set the following performance indicators/targets: to contribute 1% of the operating profits to charitable institutions, Source 70@

of raw materials used in African operations from Africa, and improves access to safe drinking water to 8 million Africans.

Diageo employed 25698 people in 2012 among them 39% from the emerging markets. It also insists on local sourcing of materials to ensure a sustainable local wealth creation. Community investment is achieved through a variety of corporate flagship projects and local donations of money, time and brands. Socio-economic development is fostered by the various contributions to the society in a number of ways: The suppliers of Diageo earn income from the products they sell to the company.

Governments earn from taxing the earnings of the company: for example Diageo is one of the largest tax contributors in Kenya. The retained earnings are used to expand the business to reach new markets where other communities derive benefit equally. Employees, Investors, lenders, and researchers are also direct or indirect beneficiaries of Diageo. For instance in 2012, 0.9% of the operating profits of the company were spent on providing scholarships in Scotland, to funding water infrastructure in poor communities in Africa, to responding rapidly to disasters in Thailand, the Philippines and Australia.

Our people.

The company is devoted to ensuring the best conditions for its employees all over the world. It aims at empowering the employees, ensuring they are healthy, motivated, and engaged with the company's values and strategy. In pursuit of this dream, the company's daily operations are all enshrined in the zero harm philosophy of "everyone goes home safe, everyday, everywhere."

This philosophy has all along helped to reduce the number of fatalities among the employees both at work and home. The company achieved a 43% reduction in lost time accidents in the year 2012, courtesy of zero harm campaign. The Zero harm philosophy is founded on four pillars: Prevention, Culture, Compliance and Capability. These pillars enable members of the company to identify and control hazards, develop a behavior/culture of safety, follow the global risk management standards and ensure that the people have the skills they require to deliver the zero harm. Employees are also encouraged to maintain a reasonable work-life-balance to ensure that they are not overworked. This enables employees to work up to their capacity and rest, and this is a positive contributor of high production.

Employee resource groups and organizational change also contribute to a great employee satisfaction and growth at work. This helps to sustain good health and well being of the employees. Diageo aims at keeping its people healthy, engaged and fulfilled. This involves combating HIV/AIDS, responsible drinking, and occupational health.

86% of the company's employees were fully engaged according to the value survey report of 2012 and 40% were super engaged. This was backed by the development of talents among team members, reward and recognition for top performers and achievers, employee engagement and respect for human rights. The Diageo human rights policy is as follows, " We have a broad responsibility, embodied in the expectations of civilized society and in the Universal Declaration of Human Rights, to use our influence to promote and protect human rights and freedoms by establishing clear ethical standards for ourselves and by fostering similar standards in all who act with us or on

our behalf.”(Diageo, 2012). This policy backs up the valuing each other policy in the company, where all human rights are worth respecting.

Governance and ethics.

The company has a comprehensive corporate governance structure and strict compliance and ethics program. The code of business conduct is the centre of the governance as it outlines the acceptable ways of conducting business within Diageo. The employees of the company are supposed to follow the codes stated therein so as to protect the reputation of the company by their actions. They are supposed to act with integrity and honesty to do their business in the capacity of Diageo. The governance within the company revolves around protecting the company from external aggression mainly by competitors. For instance, the issue of data and information privacy. No employee is supposed to make any public statement on behalf of the company without consulting the company’s legal team for approval or advice. Other rules include, No insider trading, no cash gifts, No gifts to interested parties and government officers.

The corporate social responsibility for Diageo as outlined in the company’s reports versus the actual results from the implementation of the same gives a clear replica of the match between the planned and the actual activities. Despite the gradual progress in the implementation of the CSR for Diageo, the key performance indicators show that all the targets set are within the margin of achievement.

Conclusion.

It is worth to conclude that the role played by the company in its corporate social responsibility is vital and critical to its success and survival in the competitive business environment. It is such activities which serve to build the reputation of the company in the eyes of its existing and potential clients. Without a serious commitment to implementation of the corporate social responsibility, it would be difficult for the company to win the hearts of people: employees and customers alike. A sound CSR policy serves as a motivating object for both the employees and the customers of the company. Therefore, the success of Diageo to the height of a global premium drinks leaders can be partially attributed to its sound CSR policy.

Reflection on evaluation

The Diageo CSR policy however good is subject to several critiques: It is wide and calls for a large number of staff to implement it. This renders the policy costly and this opposes the profit motive of the company. It is however adequate in its own capacity and is recommendable for any organization. The individual responses on the policy match the corporate responses to equilibrium.

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