

The issues of corporate social responsibility



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Corporate social responsibility (CSR) is also known as corporate responsibility and corporate citizenship, responsible action, responsible action constant (SRB), or the performance of social institutions. Ideally, the policy of corporate social responsibility is a compact, self-regulation and the mechanism by which the work would monitor and ensure the commitment to the law and ethical standards and international rules. (William et al, 2005).

The development of the businesses in claiming the responsibility by the impact of its activities on the environment, consumers and workers, local communities, stakeholders and all other members of the public domain. The practice of corporate social responsibility is a subject of debate and criticism and widespread. Proponents argue that there is strong demand for the issue of social responsibility of businesses, and companies benefit in many ways by working with a broader perspective and longer than their own direct, any short-term profits. Critics argue that the act of corporate social responsibility is the primary economic role of companies, and others believed that no more than window surface is decorated , and some say it is an attempt to preempt the role of governments as a watchdog on the powerful multinational companies (Argandona, 2001).

Marks and Spencer plc, also known as M&S, is a world s renowned retailer with its headquarters in Westminster, London. It has more than 300 stores across 40 countries and more than 70 stores in UK. M&S is famous for its clothes and food products. It was found in 1884 by Thomas Spencer and Michael Marks in Leeds. Since 2000 the company Marks & Spencer began to expand and explore other areas: household products, food, furniture, products for beauty, technology, financial services, etc. In recent years,

Marks & Spencer stores act as full-scale shopping centres with huge grocery supermarkets, entertainment venues and cafes. The company is covering general merchandise sector and food sector. All these units have contributed in shaping up company's vision stating that they want to set a standard through which other company should be measured. These units are centralized by the values of Marks and Spencer. These include trust, service, value and innovation. (Utting, 2007, 11-13)

Each of the units has developed its specific strategies of Corporate Social Responsibility that is based on the brand-value of trust. The issues that are tackled in the strategies were identified through customer research, understanding within business and by interacting with important stakeholders, government, NGOs etc. An action plan is developed for handling each issue that arises in order to balance expectations of the customers and the stakeholders and other external pressures. These issues are divided into three groups: people, products and community.

People: these include the company's employees plus the people who are employed in its chain supply.

Product: this division emphasizes on the production of high quality, valuing that are positive for social and environmental benefits.

Community: this division emphasizes on the role of the company in helping to maintain and develop places where people can work and live easily.

For all these groups, Marks and Spencer have planned a program with the name of Plan A. (Archie, 2008)

WHAT IS PLAN A?

Plan A is Marks & Spencer's comprehensive approach to sustainability which to them is doing the right thing. We're doing this because it's what you want us to do. It's also the right thing to do. We're calling it Plan A because we believe it's now the only way to do business (Marks & Spencer's, 2010). On 15th Jan, 2007, Marks and Spencer took an initiative by launching a program known as Plan A. This was to bring a dramatic increase in the environmental sustainability in five years. Plan A contains 100 commitments for five years in order to address the major environmental and social challenges faced by Marks and Spencer, today and in future (marks and spencer, 2010). They have a tag-line for it which states: Because there is no Plan B. These commitments cover five different themes: Sustainable raw material, climatic change, fair partnership, health and waste with the purpose of:

I. No waste will be sent to landfill

II. Become Neutral to carbon

III. Bring extension in the sustainability of resource

IV. Help in improving the lives of employees working in their supply chain department (Brown, 2008, 125-147)

V. Provide a healthy lifestyle to the customers and the employees of the company

To begin with, as a part of Plan A, the iconic reusable brown bag was introduced in the year 2007. This brought a hope that it will decrease the

usage of plastic bags over the next few years. In 2008, Marks and Spencer introduced the 5p carrier bags scheme at their stores. The customers were supposed to pay 5p per vest carrier bag which was of standard size for their food purchases. This scheme was implemented as a part of Plan A, saying that it discourages the use of customary plastic bags. All the profits gained from the sale of these bags are given to the Groundwork UK.

To become a carbon neutral company, Marks and Spencer committed to only using the carbon equalizers as their last resort, confining to the cases where is required by the government or where the green air, road transport and technology will not be available for the predicted future. In 2008, Marks and Spencer had 3 operational wind turbines, one in Methlick and two near Strichen. These generate power that is enough to cover three stores through National Grid. In 2009, the company started buying 2.6TWh of the renewable energy from the Npower which was enough to provide energy to all of the M&S offices and stores in Wales and England.

In 2010, Marks & Spencer's set out 80 new commitments with the aim of becoming the world's most sustainable major retailer by 2015. This they hope to achieve by engaging their customers in building Plan A qualities into all of its 2.7 billion products and assist the customers to develop their own Plan A eco-plan. Also, they intend to move Plan A from just a plan to How we do business by integrating it into processes and giving its people the required tools, skills and motivation to make a difference. In order to achieve this, Marks & Spencer's launched a 50m innovation fund, as well as sustainability programmes for its food and general merchandise suppliers, sustainable agriculture programmes for its farmers and growers. As part of <https://assignbuster.com/the-issues-of-corporate-social-responsibility/>

efforts to extend the Plan A to the employees, they are been offered free home insulation, a free home energy monitor and a day s paid leave each year for a volunteer work.

Benefits of Incorporating Corporate Social Responsibility: Plan A of Marks and Spencer

Firstly, Marks and Spencer got the value of differentiation. This does not necessarily relate to the product but also defines the moral values of the company. With the implementation of Plan A, Marks and Spencer got benefited with appeal factor. A recent research states that, 88 percent of the customers will be more interested in buying the products from the company that is actively working in the society and engages and supports the activities in improving the environment of the society. Thus, it has provided an advantage to marks and Spencer by being well known for their active participation in Corporate Social Responsibility methods. They can easily attract their existing customers to increase their sales and they can even attract new customers by their Plan A project. This in turn, helps in adding up the profits made by their stores. But these profits eventually are used by Marks and Spencer in investing in the strategies of Corporate Social Responsibility. Although, Marks and Spencer can charge high price for their differentiated products in order to cover the cost of investment in CSR. The reason due to which they can charge higher price is their active participation in being socially responsible. This in the long run will increase their profit margin. This is a basic rule for CSR (Cuthbertson, 2011)

Secondly, the workforce at Marks and Spencer is very happy with some of the programs that the company is running. One of these projects was the Ready to Work project. In this project, Marks and Spencer helped around six hundred homeless people from UK to acquire work experience while they were being mentored by a friend. Moreover, above 30 percent of these people, who were internee, were later on provided a job because of the success of the project. This program came up with a market research which was successful and was stimulated by the founders of Marks and Spencer s strategy stating that the best and guaranteed way to acquire long-term success is to have good relationship with your suppliers, employees and the society. This message acted as a backbone for all the CSR strategies of Marks and Spencer.

A survey based on 500 employees of the company, stated that 75 percent of the employees felt that the projects has contributed in making Marks and Spencer a great place to work. They also said that it helped them in increasing and enhancing their skills. This also led to an extra motivated workforce who feel completely comfortable at their workplace and have led to a decrease in the rate of employee turnover.

Thirdly, Plan A also covers the part of fair trade extensively. This is an issue which has gained UK s focus more than any other country. Marks and Spencer has purchased around a third of the world s fair trade cotton (Cuthbertson, 2011).

Not all the achievements were remarkably good. For cutting down the emission of CO₂, Marks and Spencer tightened up the needs for attaining a

company car. These steps did drop the corporate auto fleet from 488 to 469, but this did not bring any significant change (Damien et al 2010) compared to other achievements, this strategy must be left out of the spotlight.

The biggest disadvantage of CSR for Marks and Spencer is the cost that is invested in the implementation of these strategies. Plan A introduced by Marks and Spencer had an estimated cost of around 200 million. Although, the CSR strategy helps in gaining profits in the long run and it helps in becoming financially strong, it still requires a huge amount of investment to implement the strategies. Thus, if the strategy of Corporate Social Responsibility is not successful in producing a desired amount of effect in attracting the customers, then it could cause great loss to the investors. This loss might not be disastrous for Marks and Spencer however; it can damage its reputation. Although, the Corporate Social Responsibility is about enriching the stakeholder, but if the strategy is not successful in bringing extra profit then it depends on the morals and values of the investor to consider what a good outcome is and what a bad outcome is.

Another disadvantage of this strategy would be the cost of keeping the customers happy. In the Plan A of Mark and Spencer, there are twenty targets for enhancing the fair partnership between the suppliers. Initially, the investment should be large as it targets the suppliers belonging to the international market (Beder, 2007).

The most essential factor in this Plan is the consumer power. According to the research, around 88 percent people would prefer buying a product of the company which is highly active in social activities and are working with the

concept for enhancing the quality of life. Therefore, Marks and Spencer cannot bypass this point as according to the economic climate these days, a customer moves on to the next best solution available depending on the morals they chose to follow. Thus, to build up CSR strategies are a positive investment in holding back the goodwill and image of the company, which Marks and Spencer has already established.

In line to achieve a target of been the most sustainable retailer in the world, Marks & Spencer s have over the years shifted from philanthropy to community investment and subsequently corporate social responsibility. Launching Plan A was its next logical step but there is still a long way to go.

To ascertain the extent to which the achievements of Plan A would result in Marks & Spencer s being the world most sustainable retailer, it will be important to understand what sustainability means. Brundtland s (1987) defined Sustainability as the development that meets the needs of the present world without compromising the ability of the future generations to meet their own needs . This approach to economic growth perhaps includes a social responsibility to its stakeholders and a wider responsibility for the impact of its activities on the environment.

With the sustainability plans on the report being that of Marks and Spencer s alone, there is no basis for comparison with other major retailers to know the extent to which its sustainability measures surpasses them. Also, by using the word sustainable, they universalised it to their meaning. They fail to know that sustainability could have several meanings for people different people. For instance, findings have shown that people in poor countries see

sustainability as poverty reduction where as in developed countries; sustainability is linked to climate change. It will be a fallacy to make people believe there is a universal word for the term sustainability as there is no agreement over the specific meaning of the word and this makes it impossible to measure the performance of a company in that area.

ASSESSING THE QUALITY OF MARKS AND SPENCERS CSR REPORT HOW WE DO BUSINESS

Corporate social responsibility reporting which is voluntary is said to be a public account of environmental, social and ethical impacts of a company. It demonstrates accountability, transparency and credibility gaining the stakeholders trust. In order to assess the quality of Marks and Spencer s CSR report, we shall employ the Global reporting initiatives which sets out the principles and performance indicators that organisations can use to measure and report their economic, environmental and social performance (GRI, 2011). These principles include materiality, stakeholder inclusiveness, sustainability context and completeness. Likewise, the standard disclosure examines the strategy and profile of the organisation, the management approach as well as the performance indicators of the organisation.

So using the GRI guidelines to analyse the report (Appendix 1) I shall grade the Marks and Spencer s CSR report below a C minimal level despite it was assured by an independent third party Ernst and Young, to guarantee accuracy of the report and in line with best practice.

To me, it failed to report the minimal requirements. Using the GRI framework, there was no report of some mandatory disclosures needed to

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attain a C level. These include (2. 4) where it failed to report the location of its headquarters. Also in the profile disclosure, they failed to report on (4. 15) which is the basis for identification and selection of stake holders whom they engage with.

In the performance and indication section, despite not giving any report on human rights except for HR1 and HR2 where incomplete reports were given, they met the minimum requirement of the GRI framework of reporting at least one out of each Performance Indicator.

In all, the CSR report could be said to focus primarily on profile disclosures and this tends to be the major strength of the report where reports on performance indicators were incomplete and in some cases not reported.

The stakeholder inclusiveness of the report was thoroughly reported. Pages 42 and 43 in the report contained a stakeholder dialogue which is quite impressive as stakeholder dialogue is one of the basic parties of a sustainability report. Marks and Spencer's reported how they engaged Ernst and Young to gather impartial feedback from a range of organisations which was also listed in the report. These organisations are NGOs which focus on sustainability. The responses of the stakeholders were also listed in the report and were quite enlightening as there were not just compliments but also suggestions for Marks and Spencer's sustainability direction. Also, Marks and Spencer's responses to the suggestions were listed.

The major concern about stakeholder reporting was on lack of information on how many stakeholders from each NGO who were consulted provided feedback and why they chose to use external figures to facilitate the

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dialogue rather than discussing with marks and Spencer s people. Also, it wasn t disclosed in the report how much stakeholder input influenced the selection of Plan A commitment.

Marks and Spencer s CSR report is both wide ranging and highly focused. Under the headings of Climate, waste, Natural resources, fair partner, health and well being, each issue is broken down into targets set for the reporting year, performance in the current year and future goals. This approach is highly effective in terms of presenting a clear and thorough picture of the broad scope of Marks and Spencer s CSR related activities.

The report is quite balanced as there were a handful of achievements listed in each of the headings such as cutting of carbon emissions from operations by 8% and improving store energy by 19%. Also, quite a couple of the challenges faced by the organisation was also noted which include rise in business travel emissions despite the Green travel policy. They also noted a decline in the sales of organic food despite their effort to introduce new products. So I think it just wasn t a win- win basis in the report.

ACCESSING THE EXTENT TO WHICH PLAN A COULD BE ADOPTED SUCCESSFULLY BY A RETAILER IN A DEVELOPING COUNTRY.

The term developing countries is used to collectively describe nations that have low per capita incomes and are less industrialised (UNDP 2006). Corporate social responsibility(CSR) in developing countries have to deal with the formal and informal manner in which businesses contribute to governance, ethical, social labour and environmental condition of developing

countries which they operate and perhaps remain sensitive to prevailing religious, historical and cultural context (Visser 2007).

Contrary to the nature of CSR in developed countries, CSR in developing countries present a distinctive set of agenda which are certainly different from those faced in developed countries. CSR priorities in developing countries differ. For some, improved ethical responsibilities and incorporating good governance are assigned the highest. Whereas in others, tackling HIV/AIDS, improving working conditions, provision of basic services supply chain integrity and poverty alleviation are at the peak of CSR priority.

. Major issues pertaining to CSR in developing world as at large relates to the strategic motive for adopting socially responsible practices. These actions appear to reflect Carroll s (1991) competing priorities which are; firms adopt CSR in order to meet their economic, legal, ethical and discretionary responsibilities.

Conventional wisdom suggests that CSR is more relevant to organisations operating in the developed countries due to elevated expectations of society responsible behaviour. In view of this, I she use Bangladesh to examine the extent to which a retailer could adopt Marks and Spencer s Plan A because it possess the characteristics of a developing country.

Basically, for the success of Plan A in any developing country by another retailer, the retailer needs to operate the strategies according to the culture, ethical background, nationality, religion and race of the developing country. As Plan A is committed to improve the lives of people in their supply chain sector (Peter, 2010).

With the review of the state of government policy and support for CSR in Bangladesh, corporations have hence increased their commitment to CSR other than profit making and now complying with safety regulations. For example, CARE Bangladesh initiated a successful CSR programme with BATA where the company is using the extensive network of RARE to promote its environmental friendly products door to door in rural communities. With this, Plan A will be successful due to governments supporting policies which create room for CSR investment.

Also, the issue of global warming which has to deal with the climate, it is obvious that this is affecting both the developed and developing countries and therefore governments are imposing on companies to develop CSR which will minimize carbon emission. So a retailer who adopts the Plan A will definitely succeed but will result in high operation cost to the company.

Plan A can also be successful in a developing country if the retailer seeks the help of its suppliers in developing the factories with either being ethical or encouraging environmental characteristics. They can even encourage 10,000 farmers to join their sustainable agriculture program just like M & S (Mike, 2008).

The Retailer can also implement their Plan A project and be successful by becoming an important retailer to make sure that their key raw material such as soya, palm oil, coffee, beef, leather, etc, are coming from sustainable resources which do not contribute to deforestation.

Contrary to this, Plan A which according to marks and Spencer s is doing the right thing will be successful at a minimal rate if adopted by a retailer in

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Bangladesh. This is so because of the prevailing high rate of poverty and corruption. Basically the priority of Marks and Spencer s plan A, which focuses on climate change, waste, waste, natural resources , fair partner performance health and well being may not be in line with CSR priorities in developing countries as they are interested in tackling HIV/AIDS, improving working conditions, provision of basic services supply chain integrity and poverty alleviation.

CONCLUSION

In this modern era, it is 100 percent important that companies differentiate themselves from rest of the market by working on developing strategies for their Corporate Social responsibilities. In order to make their strategy work successfully, companies need to strongly highlight educate people with their CSR plans. Keeping the research in mind, it is important for the companies to differentiate themselves. The company should also be aware of the cost that involve in the implementation of the plan. Whether you do it for financial reasons or to feel morally good, CSR plans completely depend on your ethics, both economically and personally.

Marks and Spencer has started their journey to make their business more sustainable. Over the past decades, the company has never been stagnant. It has been moving from philanthropy to investing in the community to investing in corporate social responsibilities. In 2007, Plan has proved to be a radical commitment by focusing on specific CSR issues and tackling the sustainability issues.