

Corporate social responsibility of procter and gamble and unilever



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Introduction

Corporate Social Responsibility (CSR) is a concept that has been introduced and used by businesses well over half a century, Corporate Social Responsibility is all about contributing back to social society through various charity projects from where companies have earned.

CSR is how Companies are doing businesses in a way that can separate them from the competition in the minds of consumers; it gives companies enormous amount of benefits such as;

It helps to build good working atmosphere among its existing staff,

Brand differentiations through CSR projects are also used to persuade governments and the wider public, that company is taking current issues like health and safety, diversity or the environment seriously and so avoid intervention.

CSR programs also draw attention away from companies' perceived negative impacts e. g. the petroleum giant BP has run campaign to clean oil spill and also installed very visible wind-turbines on the roofs of some petrol stations in the UK.

The Procter & Gamble Company

P&G is one of the world largest consumer goods manufacturing companies with US \$78. 9 billion revenue (2010) employing over 127000 people. It is 6th most admired company in Fortune magazine 2010 list.

Company is 172 years old and has grown through enormous amount of challenges and Depression. Through all this volatility, the one factor above all others that has enabled P&G to grow responsibly, which is the clarity and constancy of P&G's Purpose – to touch and improve consumers' lives with branded products and services.

Out of more than 300 brands, some of the famous brands owned by P&G are as follows;

Ariel laundry detergent, Braun a small-appliances, Crest toothpaste, Duracell batteries and flashlights, Gillette variety of razors for men and women, Head & Shoulders, Rejoice shampoo, Olay Personal and beauty products, Oral-B inter-dental products, Pantene hair care products, Pringles potato crisps and wheat crisps, Wella hair care products, Always Feminine hygiene, Dolce & Gabbana colognes, Dunhill Luxury Fragrance for men, Herbal Essences Haircare etc

The Unilever Company

Unilever is an Anglo-Dutch multinational corporation that owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products.

Unilever was created in 1930 by the merger of the operations of British soap maker Lever Brothers and Dutch margarine producer Margarine Unie, and so become Unilever

Unilever has grown in remarkable way touching its revenues to €39, 823 million (2009)

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It directly employs 163, 000 (2010) people and sells products in 170 countries worldwide, also supporting the jobs of thousand of suppliers, contractors and distributors.

Out of more than 400 brands spanning over 14 categories of home, personal care and foods products, no other company touches so many people's lives in so many different ways

Some of the famous brands owned by Unilever are as follows;

In Food products; Becel / Flora heart-healthy products, Heartbrand ice creams, Knorr a trusted and popular brand, Hellmann's the world's number one mayonnaise brand,

In Personal care category; Dove, Lifebuoy, Lux, Pond's, Rexona's, Sunsilk, Vaseline,

In Home care brands; Comfort, Radiant, Surf, are among the prestige brands of company

Model of corporate social responsibility

Carroll Model

Philanthropic Contributions

At unilever company Corporate Social responsibility is taken as serious key factor of growth.

Unilever donated \$500, 000 to United Nations World Food Programme for relief aid to Haiti earthquake victims.

Unilever continues to make global humanitarian efforts a top priority and has demonstrated its commitment in the past, by assisting in major relief efforts, such as those following the tsunami in Indonesia (2004) and Hurricane Katrina in the U. S (2005).

(Unilever, 2010)¹.

Unilever is also providing €1 million in cash donations, food and hygiene products following devastating floods in Pakistan.

The donation will be divided between the World Food Programme (WFP), UNICEF, Save the Children, Oxfam and Population Services International (PSI).

The donation will be in the form of both cash and products including soap, toothpaste and shampoo. Unilever Pakistan will also look to work with these agencies over the coming months to help with rehabilitation projects.

(Unilever, 2009; issuu, 2009)².

P&G

P&G take its CSR policy seriously, According to company's chairman of board A. G. Lafley's latest statement he said Company must not only sustain growth. We must contribute to the sustainability of the world we live and work in.

P&G and In-Kind Giving

Since 2002, P&G have donated over £6 million worth of products to a charity called In Kind Direct. Our products, ranging from washing powder to nappies, have helped 1, 454 charities. The charity was founded in 1996 and has assisted 6, 000 charities since that time. In Kind Directs purpose is to redistribute new goods donated by some of Britain's best-known manufacturers and retailers to hundreds of voluntary organisations.

(P&G, 2010)3.

Ethical Responsibilities

Despite some criticism Unilever has done business in ethical manner by continue innovations;

Understanding consumer needs

Unilever has done immense amount of research on concentrating on consumers' everyday needs for nutrition, hygiene and personal care.

By, making high-quality products that are safe to use

Make products affordable and accessible to consumers

Working with Suppliers

Unilever tried to do sustainable practices in supply chain. Through responsible sourcing, they seek to raise standards in line with the requirements set out in their Business Partner Code and Sustainable Agriculture Code.

Production & manufacturing

Unilever has put strict procedures in regard to protect the health and safety of employees at work, protect the health and safety of consumers, improve the eco-efficiency of their manufacturing sites.

P&G

P&G has announced its new vision for environment sustainability vision that includes;

Since 2002 P&G have reduced greenhouse gas intensity of operation by 30%.

Powering their plants with 100% renewable energy.

Using 100% renewable or recycled materials for all products and packaging

Having zero consumers and manufacturing waste go to landfills.

Designing products to delight consumers while maximizing the Conservation of resources

(P&G, 2010)4.

Legal Responsibilities

There are several occasions on which Unilever was questioned and was forced to fulfil their legal responsibilities in better way

CASE:

Unilever Fined for Polluting California Air With Deodorant Spray

Unilever was fined \$1.3 m by Californian air resource board USA,

after one of its Deodorant Bodyspray brand 'AXE' was found to have volatile organic compounds, VOCS, Exceeds its allowed limit.

2. 8 million Units of deodorant body spray were sold that failed to meet the state's clean air standards for aerosol deodorants were sold.

(Ensnewire, 2010)⁵.

Top of Form

Bottom of Form

P&G

Recently Procter & Gamble was forced to pay tens of millions of pounds in VAT after losing a legal battle with the tax authorities over its Pringles snack.

The Court of Appeal ruled in favour of the Tax Revenue, which has long maintained that Pringles constitute a potato snack and are, therefore, liable for VAT. Potatoes make up 42% of the Pringles' ingredients. Lawyer acting for the Revenue said that the VAT due on the sale of Pringles was "as much as £100m of tax for the past and about £20m a year for the future."

(BBC, 2009)⁶.

Economic Responsibilities

Unilever's is indeed among the world giant multinational company and does owe the world, economic responsibility to some extent; Indeed companies like Unilever and Proctor and Gamble have influences over world economy.

EU raids Unilever in price-fix investigation

On one occasion Unilever's Four European offices came under inspection by antitrust inspectors on suspicion of price-fixing; raid was carried out by The European Commission, According to inspectors from its antitrust authority, accompanied by their local counterparts, carried out raids at the offices.

The Commission has the power to fine companies as much as 10 per cent of global sales, though those found guilty are typically fined 2per cent to 3 per cent of sales.

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A spokesman for Unilever confirms that inspectors had visited the group's offices in the Netherlands, Belgium, Austria and Spain but did not say what the inspection was about.

(Times online, 2008)7.

P&G

P&G has won corporate citizenship awards for five years since 2001. P&G has managed to attract the attention of the public due to the numerous humanitarian efforts that the company has engaged in.

P&G remains to be vigilant about assisting victims of natural disasters or those in humanitarian crises. For instance, Turkey was hit by an earthquake some years back. The country was overwhelmed with casualties; therefore P&G was quick to help out. They donated numerous relief supplies including drinking water, blankets and rescue facilities. All these went a long way in ensuring that the individuals involved in the incident were given the best support possible. (Business respect, 2004)

Another donation that was closely related to the latter was one made towards Indian children. The company realized that there were numerous children dying of malnutrition in that country, consequently, it donated a substantial amount of resources towards curbing this problem.

(Articles base, 2010)8.

Sethi's Model

Social Obligation

Unilever

There are occasions on which Unilever was forced to address their Health and safety issue in better way

Unilever 'exposed' staff to chemicals

On September 5, 2005 around 25 workers from Unilever Port Sunlight plant report skin complains and claim that they were exposed to chemicals without providing enough health and safety procedures

Court heard the case and Unilever pleaded guilty and was ordered to pay £28000 fine within 28 days. The company agreed with the decision and pay the fine within 28 days.

(Liverpool echo, 2008)⁹.

CO2 Emission

Unilever is contributing its CSR through sustainable productions.

In last 15 years the company has significantly improved the eco-efficiency of its network of factories. CO2 from energy has gone down by 40%, water by 65% and total waste by 73% per tonne of production.

P&G

CO2 issue

P&G are very about CO2 emissions. Their strategy is to use 100% renewable or recycled materials to manufacture all the products so that the waste which comes out due to production cannot go to landfills and using power plants having 100% renewable energy. It is their belief that their strategy will emit zero carbon dioxide. They will implement their strategy from 2020.

(Fast Company, 2010)¹⁰.

Social Responsibility

Unilever has good image in market regarding its Social responsibility despite some controversies, one of them explained below:

Pakistan: Union campaign targets Unilever's Lipton Tea

In Jan 2009 Unilever Pakistan become centre of news when issue of 700 contract agency workers came up,

According to The National Federation of Food, Beverage and Tobacco Workers of Pakistan Unilever's management was exploiting the workers by keeping them in "disposable jobs".

Many of the temporary workers, who earn less money and have few benefits, have worked at the factory for over 10 years.

Casual workers were paid the legal minimum wage of 6,000 Rupees, just 33% of the lowest wages (without benefits) of the 22 direct employees. But in order to receive their 6,000 Rupees per month they are required to work at least 26 days each month. If they don't get 26 days' work in a month, they are only paid 252 Rupees per day - the equivalent of slightly over 3 US dollars.

(Businessrespect, 2009; iuf, 2009)¹¹.

P&G

P&G Suit Alleges Age Discrimination

A Procter & Gamble Co. attorney has filed a federal lawsuit accusing the company of trying to cut costs by forcing out older employees.

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Gary Hagopian, a P&G employee for 26 years, alleges in a suit filed in U. S. District Court that he was demoted from his job as a vice president and general counsel because the company wanted to replace him with younger, cheaper employees.

Hagopian, 51, asked for damages of more than \$12 million.

(highbeam, 2001)¹².

The Procter & Gamble Company has launched an employee Sabbatical Program to support UNICEF's work for women and children worldwide. The program started in 2009 and is open to all P&G employees based in Western Europe. It offers them the opportunity to take a 3 month sabbatical to go work with UNICEF. Five P&G employees have just been selected to work in the UNICEF Country Offices in Cameroon, Macedonia and Mauritania in 2010. P&G employees in Slovenia participated in the National Waste Cleaning Day. Additional events throughout Earth week in Slovenia included donating items to an orphanage, and educational activities to raise awareness of sustainability issues.

(P&G, 2010)¹³.

Social Responsiveness

Procter & Gamble (P&G) has introduced a rating process to measure and improve the environmental performance of its vendors. The supplier environmental sustainability scorecard will assess the environmental footprint of suppliers to the consumer goods company. It will also measure

energy and water use as well as waste disposal and greenhouse gas emissions.

In the future, P&G will use the scorecard to determine each supplier's sustainability rating as part of P&G's annual supplier performance measurement process.

(Supplymanagement, 2010)¹⁴.

Procter & Gamble Fair Trade Program

Procter & Gamble (P&G), one of the four largest companies in the world and largest coffee seller in the US, announced that it will be introducing “ Fair Trade Certified” coffee products through its coffee division.

(Ethical corporation, 2003)¹⁵.

UNILEVER

Unilever's Ben & Jerry's, in February 2010, said that all the materials will be certified by Fair trade in Europe. This will be implemented by the end of 2011 and by 2013 throughout the world.

There are many nations in which unilever is working with smallholder farmers to develop or improve their work and productivity plan to increase productivity and encourage native income.

Their Hellmann's, Amora and Calve brands have easily met their commitment in western countries. (Unilever, 2009)¹⁶.

Conclusion & Recommendation

From above report it can be said that both companies Proctor & Gamble and Unilever are indeed among the world giant companies that work on same pattern to make themselves successful.

If we analyse CSR through Carroll model; we can see in Philanthropic Contributions of companies, which is key base to attract stakeholders towards company image, both companies have shown their sympathy and generosity towards helping and responding disasters. Both Companies are also evident in respect to their ethical role in producing their product through sustainable channels e. g. Improving the eco-efficiency in their production process as well as reducing CO2 emission and making high-quality products.

However in regard to Legal responsibility both companies were found weak and ended up paying fines in millions of dollar. In terms of Economical responsibility we can find some cases of Unilever where they found suspicious and get involved in price fixing investigation, although Unilever was not found guilty. P&G was able to follow strong rules and regulations in regard to economical responsibility as they were vigilant in responding earthquake in Turkey and responding to help children dying of malnutrition in India. P&G donated a substantial amount of resources towards curbing this problem.

If we review CSR through Sethi model; In terms of social obligation Unilever have something to criticise about; Where Unilever found with negligence in its employee's health and safety issue, where workers were exposed to work

with harmful chemicals, Company was fined up to £28000. In respect of social responsibility both companies did not go well;

In Jan 2009 Unilever Pakistan become centre of news when issue of 700 contract agency workers came up, they worked at the factory for over 10 years and still were on temporary contract. Gary Hagopian, a P&G employee for 26 years, alleges in a suit filed in U. S. District Court that he was demoted from his job as a vice president and general counsel because the company wanted to replace him with younger, cheaper employees and lastly if we analyse CSR with social responsiveness both companies have worked carefully to identify sustainability among their vendors

In The End both companies must keep on identifying and target different market segments in order to remain at the cutting edge. Organisations in our era are extremely sensitive – as they must be vigilant in political, technological and economic developments. Environmental changes most affect strategic perspective. Thus, the most successful companies will be those that can meet these needs most effectively.

Learning Reflection

Kolb's learning cycle

Reflection is a process that refers to Feeling, Watching, Thinking, and Doing and to follow these things. Reflection is about reframing our concepts for different issues or ambiguities, trying out possible interpretations and then altering them as and when required. However reflection is not fruitful unless experienced on the basis of some concept or assumption which develops a

continuous cycle as presented by Kolb (1984). Kolb defines that there are four stages of learning:

Concrete Experience:

In the first few classes' reflective observation remained principal since the basic concepts of Business ethics and development of corporate social behaviour concepts were focused. Practical current scenarios of fair trading and employee care helped developing a real learning experience. It also encouraged developing and highlighting components and strategies of CSR via active learning. It has been seen that this concept is very effective.

Observation and Reflection:

Reflection is necessary to classify components and differentiate along with ethical business practices, solving dilemmas etc. Observing tutor's approach towards the topic and selecting examples, thinking and reframing ideas such as ' Channel 3-Under cover bosses' this has made as an evidence that how critical it is to justify a social strategy and most of the time it associates extra cost. Hence, the company should think about the stake holders while thinking about their employees.

Forming Abstract Concepts:

The implementation of models was bit difficult such as stakeholder mapping for Marks & Spencer might be a challenging job for a beginner. However the reflective skills helped here and somehow a blur outline was approached in most of such scenarios. Research about company's practices and linking those to theoretical concepts has probably been an interesting task.

Testing in new Situstions:

This stage was explicitly determined while preparing this assignment. At first, I made an outline plan and then backed them by concepts adapted from the teacher. After the completion of business profiles, I analysed them in CSR models.

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