



South African Human Rights Commission, Human Right 2 Water and the Water Research Commission

Stakeholder Engagement and Going Beyond Corporate Social Responsibility

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Introduction: CSR (1)

- According to the United Nations Industrial Development Organization, Corporate Social Responsibility or CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.
- CSR is generally understood as being the way through which a company achieves a balance of economic, environmental, and social imperatives (“Triple-Bottom-Line-Approach”), while at the same time addressing the expectations of shareholders and stakeholders and maintaining profitable business practices.
- The “triple bottom line” refers a commitment to measuring a company’s social and environmental impact, sustainability efforts, and profits.



Introduction: CSR (2)

- In the past, the private sector saw itself as independent from society at large and maximising profits was the sole goal of businesses.
- However, over the last four or so decades, the private sector, has recognised the responsibility that they have towards society.
- This led to companies CSR.
- Refer to Masterclass 1, which spoke to the case for a HRBA to business.
- However, it is equally important to draw a distinction between CSR for strategic business management concept and CSR that is charity, sponsorships, or philanthropy.
- I will speak a bit more about that in a little while.



A HRBA for Business

- In rethinking its position in society as a role-player in economic, social, and environmental development and a member of a community, the discourse on BHR progressively evolves so that it benefits all role-players.
- According to the OHCHR, this approach can result in the following:
 - Improved stakeholder relations.
 - Improved employee recruitment, retention, and motivation.
 - Improved risk assessment and management.
 - Reduced risk of consumer protests.
 - Enhanced corporate reputation and brand image.
 - A more secure license to operate.
 - Strengthened shareholder confidence.
 - More sustainable business relationships with governments, business partners, trade unions, sub-contractors, and suppliers.

Types of CSR (1)

- Generally, CSR is divided into four or five broad categories – namely environmental, ethical, social, or human rights, philanthropic, economic, and sometimes social is considered a separate category.
 - Environmental CSR: refers to a company's commitment to sustainability, sustainable development, environmental-friendly activities and operations and commitments towards the reduction in climate change.
 - Ethical refers to a commitment to operate with a moral imperative and to uphold human rights in the full supply-chain of a company. This will include human rights principles such as non-discrimination, transparency, fair trade, gender mainstreaming, and the elimination of unethical business practices such as child labour and racism.

Types of CSR (2)

- Philanthropy: refers to outreach or goals for bettering society. This often takes the form of things like bursaries, scholarships, funds, and campaigns.
- Economic: refers to responsible or progressive business decisions that have positive outcomes – such as investing in funds that share high moral or ethical standards, investing in clean energy or alternative energy sources.
- These are the broad categories of CSR. There are additional categories – but most can be filed under one of the above four. This will include things like governance (ethical) good labour practices and accountability.



The Dark Side of CSR (1)

- It is essential at this juncture to differentiate between CSR and BHR.
- Business that operate in countries with poor regulatory frameworks.
- In a 2015 study of managers of 142 companies in the US, by Harvard Business School, 60% of managers said that they were dissatisfied with their company's CSR practices.
- Additionally, 48% of companies were engaged in philanthropic CSR, 39% in operational improvements and only 13% in business-model transformation.
- CSR applied as an add on to existing business operations does not yield systemic change in societies.
- They are important because they make valuable contributions to communities and have the potential to change the lives of individuals.

The Dark Side of CSR (2)

- However, toxic business practices are still undertaken by companies have signed CSR commitments or have adopted the UNGPs and / or that belong to the UN Global Compact or other organisations that are committed to responsible – are some of the worst human rights violators. As such, we must be very careful when applauding CSR initiatives without interrogating a company's track record.
- Without systemic change in the fundamental way in which companies operate – many of which operate with impunity – CSR is just a band-aid on a gaping wound. Such systemic changes must include human rights principles, such as access to information, engagement with all stakeholders, transparency, due diligence, and importantly, accountability – which is sorely lacking in virtually all countries in the world.



Tips for CSR

- Who are our stakeholders and who do we impact?
- What is the goal of CSR:
 - Philanthropy, existing systems, transformation.
- Possibly aligning all of these.
- Best practice, including internationally.
- Coherent CSR strategies.
- By-in by all.
- Do not take advantage of developing countries, countries with poor regulatory frameworks, post-conflict zones etc.
- Operate from a moral high ground.



Thank You

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