

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 roleplayers.
- 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% 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.



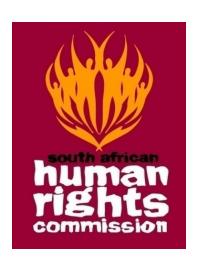
The Dark Side of CSR (2)

- 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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