### Learning booklet 7

# The Trade Union case for CSR

### The Business Case Arguments

A CSR strategy that is aligned with a company’s business strategy has many advantages and benefits. These include:

* Better Risk Management
* Secured License to Operate
* Strengthened Motivation, Satisfaction, Productivity and Loyalty of Employees
* Attracting/Retaining the Best and High-Skilled Workers
* Creates A Better Reputation /Brand Value
* Reduced Cost as a Result of More Effective Use of Resources
* Strengthened Customer – Business Relationship
* Attract Socially Responsible Investments (SRIs)
* Creates Opportunities for Becoming a Preferred Partner
* Strengthened Market Position
* Anticipating Future Competition (ASEAN) and Legislation

**Better Risk Management** - provides employers with a solid tool for risk management, and thus, prevents bad incidents from occuring.

Consequently, a solid risk management saves corporations the **cost of bad media coverage and mitigation**, and **secures license to operate** if the company enters into a dialogue with the local community.

When a company has a solid and morally responsible values and business strategies in place, its employees will appreciate the fact that the company is not just about making profit, but that it is also concerned about their welfare.

This will, in turn **strengthen the motivation, satisfaction and productivity and loyalty of the workers**. The result of this could be a low employees’ turnover, reduced absenteeism, and a happy, motivated and loyal workforce.

More importantly, with the human side of the business as a reputation booster, the company is able to **attract and retain the best and high-skilled workers**.

ocial contributions resulting from an excellent CSR strategy will eventually be appreciated by all sectors. In turn, the company gets **good and free publicity** through awards and citations from the government, the business sector, and from civil society organisations.

This in turn creates a **better reputation** and brand value for the company’s business.

**Cost savings as a result of more effective use of** resources - when a CSR initiative is integrated in the company’s business strategy, CSR becomes the “naturally right way of doing things” with every employee within the company.

Because everyone has a stake in the company’s CSR initiative, there is the willingness on the part of all employees to make it work.

In addition, as a result of employees being more effective and more efficient in utilizing scarce company resources, the business cost on water, energy, materials used in production, etc., could be reduced considerably.

**Strengthen the relationship with your customers** - When your customers see that your business is not just about making profits but is also about building the community, they will keep coming back to patronize the company. This potentially raises sales and retains the company’s customer base.

**Attract socially responsible investments (SRIs)** - As awareness about corporate social responsibility (CSR) has grown in recent years, “socially responsible investing” is growing into a widely-followed practice.

A number of investments institutions with funds available are now beginning to look at other considerations in granting financial assistance to businesses; in particular, looking at company’s record of social responsibility.

A company’s good record on “principles – based” CSR may come in handy in such a situation.

**Creates opportunities for becoming preferred partners** – in some countries, even in public procurement and/or tendering processes, the state requires tenderers to have their social, environmental performance evaluated.

**Differentiation and Competitive Edge** - to strengthen the company’s market position in a competitive industry, an enterprise deliberately differentiate itself from its competitors by providing stakeholders in the business why it stands out from the rest of the competition.

Institutionalizing CSR as a real and continuing commitment to improving the quality of life of its workforce and their families, its local community, and the society at large makes you stand out even in the face of competition.

In the context of the possible future competition in the light of the on-going economic integration in various parts of the world, this assumes an even greater significance.

**Anticipating Future Possible Legislation**

Today, the UNGP and other internationally – accepted principles and guidelines are slowly becoming incorporated into national action plans and legislation.

* The **EU Commission** has passed a requirement for public interest entities to report on sustainability in their yearly financial reports from 2018.
* In the **UK** they just passed the Social Value Act, which places great emphasis on business social standards and evaluation of impact in public procurement and tendering processes.
* In the **Philippines**, a Corporate Social Responsibility Bill has recently been approved by the Philippines House of representatives aimed at institutionalizing CSR among large tax payers and providing incentives thereof
* **India’s** ‘2 Percent Bill’ requires large companies to spend at least 2 percent of their profits every year on corporate social responsibility (CSR).