Managing Corporate Social Responsibility: Translating Theory into Business Practice

Adisa Azapagic and Slobodan Perdan

One of the challenges of Corporate Social Responsibility (CSR) is to translate the theoretical principles of sustainable development into everyday business practice. This article describes a simple yet robust management system with a step-by-step guide to help companies integrate sustainability thinking into their business strategy and so improve their triple bottom line. The system, which has been developed in collaboration with industry, provides a structured framework for managing CSR through identification of sustainability issues and development of action plans to address them; the use of sustainability indicators to measure performance and monitor progress; and communication of achievements to relevant stakeholders. The framework is general enough to be applicable across industry and yet it allows for specific characteristic of different businesses thus facilitating further adoption and dissemination of CSR practices.

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Introduction

How can a corporation, given its economic mission, be managed with appropriate attention to 'the common good'? How can companies improve their contribution to society? Should companies go beyond regulatory requirements and endeavour to raise the standards of social development, environmental protection and respect of human rights? These are just some of the questions raised in the debate on Corporate Social Responsibility (CSR), the concept that is becoming increasingly significant for business practices and commitments.

In essence, CSR can be regarded as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. In other words, CSR is a way of achieving corporate sustainability by balancing and improving the triple bottom line: economic priorities, environmental objectives and social concerns. For many industry leaders and corporations, CSR has become a valuable tool for exploring ways to reduce costs, manage risks, formulate new products, and drive fundamental internal changes in culture and structure.

However, achieving corporate sustainability is not a trivial task and is accompanied by a number of challenges. Probably the greatest challenge is that it demands a completely new approach to the way business is conducted - a paradigm shift in which CSR is not considered as a mere 'add on' but is integrated in all parts of business and informs and guides the overall business strategy.

This requires a systematic approach with a structured framework for translating the general principles of sustainable development into business practice through:

- identification of key sustainability issues and actions needed to address them;
- performance measurement and evaluation to ensure constant improvements; and
- communication of CSR policies and progress to relevant stakeholders.

As yet, there are no 'ready-made' management systems that enable a systematic and structured approach to managing CSR. Instead, individual companies or sectoral organisations are developing their own, tailor-made systems, based on their needs. While it is important that a sustainability management system reflects the specific characteristics of each business and the context in which they operate, proliferation of different approaches to corporate sustainability that are difficult to compare is confusing for business, consumers, investors and the public and could lead to market distortion. Therefore, as recognised in the European Com-

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2 Ibid.
mission Communication on promoting CSR, there is a need to facilitate convergence and standardisation of corporate sustainability management approaches. A framework which would be generally applicable and yet allow for specific characteristics of different businesses would help further adoption and dissemination of CSR practices.

In an attempt to facilitate this process and enable a practical application of the general CSR principles, this article outlines a CSR management system designed to provide a structured step-by-step guide to companies that wish to balance and improve their triple bottom line. To facilitate an easier integration into the organisational structure, this system has been developed following the familiar models of total quality and environmental management systems. Whilst in principle applicable to industry in general, the system is flexible enough to be adapted to the specific needs of individual companies and the contexts in which they operate. Practical application of the CSR management system is illustrated on suitable examples.

**CSR Management System**

As shown in Figure 1, the CSR management system consists of five stages with the following key steps:

1. **Policy Development**
   - Identification of stakeholders and sustainability issues
   - Development of CSR policy

2. **Planning**
   - Establishing a baseline by using sustainability indicators
   - Sustainability SWOT analysis
   - Setting targets and objectives

3. **Implementation**
   - Integrating CSR into business practice
   - Measuring and monitoring
   - Training, awareness raising and motivating

4. **Communication**
   - Internal communication and sustainability reporting

5. **Review and corrective actions**
   - Progress review and actions for improvements

These steps are described below, with practical illustrations of how they may be effected.

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3 A ‘Communication’ from the European Commission is a general type of document that the EC uses to communicate various information to the European Council, Member states, industry and other institutions. A Communication can be concerned, for example, with a proposed legislation, the outcome of a consultation process or it can contain recommendations on addressing a particular issue. The Communication regarding CSR describes proposed actions for promoting CSR and is addressed to the European institutions, Member States, business and consumer associations and individual enterprises.

4 Ibid.

5 Strengths, Weaknesses, Opportunities and Threats
Figure 1
CSR Management System

1. CSR Policy

- Identification of stakeholders and issues
- Policy definition and alignment with business strategy

2. Planning

- Establishing a baseline
- SWOT analysis
- Setting targets and objectives

3. Implementation

- Integration of CST into business practice
- Measuring and monitoring
- Training, awareness raising and motivating

4. Communication

- Internal communication
- CSR Reporting

5. Review and Corrective Action

- Progress review and identifying actions for improvements

Business Vision and Strategy

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Identification of stakeholders and sustainability issues

Stakeholder involvement is an integral part of a CSR strategy. Therefore, each organisation should think carefully about the many different constituencies upon which its activities and performance have an impact. Understanding interests and concerns of different stakeholders and the time scales over which these interests are important are the prerequisites for a successful and sustainable business.

Table 1
An example list of stakeholders, their concerns and the related time scales

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Concerns</th>
<th>Time scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economic</td>
<td>Environmental</td>
</tr>
<tr>
<td>Competitors</td>
<td>☐</td>
<td>✓</td>
</tr>
<tr>
<td>Creditors</td>
<td>☐</td>
<td>✓</td>
</tr>
<tr>
<td>Customers</td>
<td>☐</td>
<td>✓</td>
</tr>
<tr>
<td>Employees</td>
<td>☐</td>
<td>✓</td>
</tr>
<tr>
<td>Local authorities</td>
<td>✓</td>
<td>☐</td>
</tr>
<tr>
<td>Local communities</td>
<td>✓</td>
<td>☐</td>
</tr>
<tr>
<td>NGOs</td>
<td>✓</td>
<td>☐</td>
</tr>
<tr>
<td>Policy-makers</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Shareholders</td>
<td>☐</td>
<td>X/ ✓</td>
</tr>
<tr>
<td>Suppliers</td>
<td>☐</td>
<td>X/ ✓</td>
</tr>
</tbody>
</table>

Legend:

Symbols:

☐ - strong concern
✓ - some concern
X - no concern
1 - time-scale of primary importance
2 - time-scale of secondary importance

Time scales:

Short to medium: several months to 5 years
Long term: 5 years and more

Table 1 is an example list of different stakeholders, showing a potential importance they place on economic, environmental and social issues and the time-scales over which these issues may be important to them. For example, it is likely that creditors would have a strong interest in companies' economic performance and presumably, some concern for their environmental and social performance. It is expected that the time scale of primary importance to them would be a short-to-medium term (several months to five years); however, they may also like to keep an eye on the company's longer-term performance (five years and over). This analysis may help businesses in balancing the interests of their shareholders and in deciding how to reconcile their different time scales.

The stakeholder analysis should be followed by the identification of key sustainability issues relevant for the company's activities. Sustainability issues can be classified into three major categories: economic, envi-
Some examples of sustainability issues that are pertinent to many types of industrial activities are given in Table 2. Sustainability issues can be identified in a number of ways, including consultations with the stakeholders and using the existing findings at the sectoral level. It is important to note that many sustainability issues will be common to different businesses and sectors which helps to reduce the individual effort by companies. Carrying out a pilot-case study based on a representative business activity or a part of business can also help in identifying the key sustainability issues.

Economic Issues

The main function of an enterprise is to create value through producing goods and services for society, thereby generating profit as well as welfare for society, particularly through an ongoing process of job creation. This necessitates consideration of both micro- and macro-economic issues. Micro-issues are directly related to a company's performance and are normally linked to sales, turnover, cash flow, profit and shareholder value. Macro-economic issues put the company's performance in the national and international contexts. They include value added (tax) and contributions to employment and GDP.

Environmental Issues

Most companies already have a good idea of the main environmental issues associated with their business activities, mainly through compliance or as a result of implementation of an environmental management system. For a better understanding of key environmental issues and the ways of addressing them, it is important to identify sources of environmental problems by business activity (e.g. processing, transport, procurement etc.). The impacts along the whole supply chain should be considered, using the appropriate life cycle assessment approaches.

Social Issues

Socially responsible business has to deal with its position in society in as positive a way as possible, paying careful attention not only to its profit and shareholders but to broader social concerns as well. Acknowledging and endorsing wider responsibilities that business has to communities in which it operates and to society in general, including both present and future generations, plays therefore an important part in the process of developing corporate sustainability. These wider social concerns can be grouped into the following broad categories:

- human development and welfare (e.g. health and safety; education and training);

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6 Ibid.
- equity (e.g. wages and benefits; equal opportunity and non-discrimination); and
- ethical considerations (e.g. human rights, cultural values, intergenerational justice).

### Table 2
Examples of sustainability issues and relevant indicators

<table>
<thead>
<tr>
<th>Issues</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>Annual Profit</td>
</tr>
<tr>
<td>Turnover</td>
<td>Annual turnover</td>
</tr>
<tr>
<td>Shareholder value</td>
<td>Share value/returns</td>
</tr>
<tr>
<td>Value added</td>
<td>Value added</td>
</tr>
<tr>
<td>Investments</td>
<td>• Capital investment</td>
</tr>
<tr>
<td></td>
<td>• Human capital investment</td>
</tr>
<tr>
<td></td>
<td>• R&amp;D investment</td>
</tr>
<tr>
<td>Liabilities</td>
<td>• Environmental liability</td>
</tr>
<tr>
<td></td>
<td>• Social liability</td>
</tr>
<tr>
<td>Contribution to GDP</td>
<td>Ratio of value-added to GDP</td>
</tr>
<tr>
<td>Contribution to employment</td>
<td>Number of employees relative to total number of people employed in a certain region or a country</td>
</tr>
<tr>
<td>Resource depletion</td>
<td>Rate of non-renewable and renewable resource depletion relative to the total world/ regional reserves</td>
</tr>
<tr>
<td>Energy use</td>
<td>Amount of energy used</td>
</tr>
<tr>
<td>Air emissions</td>
<td>Emissions of SO2; emissions of heavy metals, etc.</td>
</tr>
<tr>
<td>Water emissions</td>
<td>• Emissions of nitrates and nitrites</td>
</tr>
<tr>
<td></td>
<td>• Total suspended solids, etc.</td>
</tr>
<tr>
<td>Solid waste</td>
<td>Amount of solid waste (hazardous and non-hazardous)</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Loss of biodiversity (e.g. rate of loss of a certain species in a certain region or globally)</td>
</tr>
<tr>
<td>Contribution to global warming</td>
<td>Emissions of greenhouse gases</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td>• Lost time accidents (employees H&amp;S)</td>
</tr>
<tr>
<td></td>
<td>• Number of external H&amp;S complaints (citizens’ H&amp;S)</td>
</tr>
<tr>
<td>Employee training and education</td>
<td>• Percentage of hours of training relative to the total hours worked</td>
</tr>
<tr>
<td></td>
<td>• Percentage of employees that are sponsored by the company for further education</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>• Ratio of lowest wage to national legal minimum</td>
</tr>
<tr>
<td></td>
<td>• Health and pension benefits relative to the total employment costs</td>
</tr>
<tr>
<td>Work satisfaction</td>
<td>E.g. Number of hours lost due to absenteeism</td>
</tr>
<tr>
<td>Equal opportunities and non-</td>
<td>Percentage of women/ethnic minorities in middle/senior positions</td>
</tr>
<tr>
<td>discrimination</td>
<td></td>
</tr>
<tr>
<td>Ethical business dealings</td>
<td>• Preservation of cultural values</td>
</tr>
<tr>
<td></td>
<td>• Avoidance of working with corrupt regimes</td>
</tr>
<tr>
<td></td>
<td>• Abolishment of child labour</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Number of complaints</td>
</tr>
<tr>
<td>Stakeholder involvement and liaison</td>
<td>Number of consultative meetings with stakeholders</td>
</tr>
<tr>
<td>Social partnership and sponsorship</td>
<td>Involvement in community projects</td>
</tr>
<tr>
<td><strong>Integrated</strong></td>
<td></td>
</tr>
<tr>
<td>Sales and resource depletion</td>
<td>Mass of product sold per total amount of materials used</td>
</tr>
<tr>
<td>Turnover and energy consumption</td>
<td>Total turnover per amount of energy used</td>
</tr>
<tr>
<td>Wealth and employment</td>
<td>Wealth created per employee</td>
</tr>
<tr>
<td>Human capital investment</td>
<td>Human capital investment as percentage of profit</td>
</tr>
</tbody>
</table>
These categories take into account both the interests of employees and those of the wider communities. By addressing these issues, business recognises the value of human capital by providing a healthy and safe working and living environment, and acknowledges that its success is directly linked to the prosperity of the wider community. Socially responsible behaviour going beyond legal compliance does not only make business more ethical but it is also profitable. There is growing evidence that behaving ethically and embracing the interests of stakeholders and the wider community can actually lend resilience and strength to an organisation. On the other hand, the failure to behave in a socially responsible way in the eyes of key stakeholders does pose a threat to the financial health of some companies.

**CSR Policy**

CSR policy reflects a company's vision for sustainable development. As noted earlier and illustrated in Figure 1, to be successful, the CSR policy must be aligned with and guided by the business vision and strategy. It should contain statements of principles or policies on social, economic and environmental responsibilities taking into account stakeholder expectations.

A CSR policy can only be successful if there is a clear commitment by the company's senior management. This commitment should be explicitly stated in the policy as well as shown by direct actions. However, this alone will not guarantee that the CSR policy and strategy will be implemented effectively as a 'buy in' by all employees is necessary for their successful implementation.

A number of companies have already developed their CSR policies; for illustration, an extract from the sustainability policy of Carillion, a construction company, is quoted here:

‘Carillion provides sustainable solutions for the way we live. We will achieve this by:
- Sharing our vision and policy with all;
- Turning our vision into reality by embedding sustainability into everything that we do;
- Measuring and verifying our progress;
- Promoting our vision as an instrument of change.’

**The Baseline and Sustainability Indicators**

Establishing a baseline will help understand where the company is starting from and how difficult it may be to achieve its CSR commitments. The baseline is calculated by using a set of appropriate sustainability indicators, which translate the identified key economic, environmental and social sustainability issues into the quantitative or qualitative measurement.

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ures of performance. To ensure that they are a true measure of sustain-
ability, the indicators should enable consideration of the whole supply
chain and capture the concerns of all relevant stakeholders. For these
purposes, a set of economic, environmental, social and integrated\textsuperscript{12} indi-
cators has to be developed. The indicators should be quantitative where-
ever possible; however, for some aspects of CSR (e.g. ethical business
dealings) it may be more appropriate to use qualitative descriptions.

An example list of indicators, linked to the sustainability issues iden-
tified in step 1 of the CSR management system is given in Table 2. As
shown in the table, in many cases an issue translates directly into its
indicator; e.g. value-added is both an issue and an indicator of perfor-
mance. In some cases an issue will be expressed by several indicators, for
example, air emissions can include emissions of SO\textsubscript{2}, particulates and
heavy metals.

A number of companies and organisations are working actively on the de-
velopment of indicators for different industrial sectors, including the
Global Reporting Initiative (GRI)\textsuperscript{13}, Institution of Chemical Engineers
(IChemE)\textsuperscript{14} and Industrial Minerals Association Europe (IMA-Europe)\textsuperscript{15}. Fur-
ther discussion on sustainability indicators for industry, including
ethical measures of performance, can be found e.g. in Azapagic and Per-
dan\textsuperscript{16}.

\textbf{Sustainability SWOT Analysis}

Establishing the baseline provides a useful input for sustainability SWOT
analysis as well as pointers for setting realistic targets and objec-
tives. The SWOT analysis should include technical, legislative, environ-
mental, social, and other factors, which can potentially lead to finan-
cial threats or opportunities. For these purposes, information should be
gathered on:

\begin{itemize}
\item new and proposed legislation;
\item industry practices, standards and future trends;
\item technical developments, such as clean technologies;
\item competitors’ strategies; and
\item community interests and pressure-group activities.
\end{itemize}

An example of a sustainability SWOT analysis that could be applicable to
a number of different companies is given in Table 3.

\begin{footnotesize}
\begin{itemize}
\item Integrated indicators link two or more sustainability indicators, e.g.
value added per unit of resource used.
\item GRI (2002). Sustainability Reporting Guidelines. Global Reporting Initia-
\item IChemE (2002). The Sustainability Metrics. The Institution of Chemical En-
gineers, Rugby.
\item IMA-Europe (2002). Sustainability Indicators for the Industrial Minerals
\item Azapagic, A. and S. Perdan (2000). Indicators of Sustainable Development
\end{itemize}
\end{footnotesize}
Table 3
An example of sustainability SWOT analysis

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Strong financial position with good shareholder value</td>
<td>- Emphasis on short-term returns and lack of long-term vision (10 years and beyond)</td>
</tr>
<tr>
<td>✓ Ability to produce higher value-added products</td>
<td>- Limited understanding of the corporate sustainability concept and potential benefits</td>
</tr>
<tr>
<td>✓ Possibility to penetrate new developing markets</td>
<td>- Lack of formalised environmental management systems</td>
</tr>
<tr>
<td>✓ Good reputation and a possibility to improve that image</td>
<td>- Relatively large workforce turnover resulting in loss of expertise and continuity</td>
</tr>
<tr>
<td>✓ Good relationships with local communities</td>
<td>- Poor internal communication</td>
</tr>
<tr>
<td>✓ Good Health and Safety record</td>
<td>- Difficulties in attracting and retaining good quality people</td>
</tr>
<tr>
<td>✓ Relatively good environmental performance with few non-compliance accidents</td>
<td>- Low percentage of women and ethnic minorities in senior positions</td>
</tr>
<tr>
<td>✓ Relatively good relationship with local communities</td>
<td></td>
</tr>
<tr>
<td>✓ Good representation in trade associations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ To identify inefficiencies and improve financial and environmental performance</td>
<td>✓ Increasingly stringent legislation</td>
</tr>
<tr>
<td>✓ To reduce environmental risks and incidents and future liabilities</td>
<td>✓ Increasingly difficult ‘social permitting’ process</td>
</tr>
<tr>
<td>✓ Ability to provide guidance to the regulatory bodies to make informed decisions through self-assessment and monitoring</td>
<td>✓ Disputes and conflicts with communities and pressure groups</td>
</tr>
<tr>
<td>✓ To build on the existing image and take the lead in CSR in the group and/or in the sector</td>
<td>✓ Continued lack of understanding of key sustainability issues and areas of business which impact on sustainability and inability to respond to government and other initiatives on sustainability</td>
</tr>
<tr>
<td>✓ To attract and retain good quality people</td>
<td>✓ Lack of own data on own environmental and social performance making the company more open to criticism and less able to refute various claims</td>
</tr>
<tr>
<td>✓ To further improve relationship with local communities</td>
<td>✓ Loss of customers due to the adoption of the sustainability principles further up in the supply chain and inability of the company to respond adequately</td>
</tr>
<tr>
<td>✓ To improve relationships with investors and customers through sound environmental, social and ethical record leading to financial benefits</td>
<td></td>
</tr>
</tbody>
</table>

Setting Targets and Objectives

As in any other business proposal, a CSR strategy also requires setting objectives and targets.17 They should be relevant to the key sustainability issues and indicators. For example, objectives and targets may be set for air and water emission levels, and for frequency of work-related injuries. To ensure credibility of the CSR policy and strategy, the targets should be set above legislative limits.

Wherever possible, the CSR objectives should be expressed as measurable targets. This is essential for assessing whether the objectives have been met. Targets also need to be realistic but challenging and related to certain time-scales. Possible obstacles to meeting the objectives and opportunities for exceeding targets should be considered.

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17 Objectives are statements of intent; targets set a level of performance that is sought within a certain timeframe and is expressed as e.g. a percentage improvement compared to a baseline.
The following is an example of the CSR objectives set by Rio Tinto Borax:

'To protect the safety and health of employees, contractors, neighbouring communities and the public;
To enhance the human potential and well-being of communities and employees;
To maximise efficient utilisation of resources whilst minimising environmental impacts of our operations;
To optimise our economic contribution to society.'

Rio Tinto as a group is working towards the following, more or less specific, targets:

'Fifty per cent reduction from 2002 in lost time injury frequency rate;
Reduction in the number of new cases of occupational disease per 10,000 employees;
Increased water use efficiency, especially for freshwater;
Reduction in energy used per tonne of product;
Reduction in total greenhouse gas emissions per tonne of product.'

**Integrating CSR into Business Practice**

This is probably the most challenging part of the implementation of the CSR policy and strategy. It involves identifying sustainability priorities and aligning them with the business priorities as well as the identification of specific projects to make the business more sustainable. However, more fundamentally, it also involves changing the corporate culture and employees' attitudes. These changes cannot be achieved overnight and normally a three-to-five-year plan with one-year milestones will be needed.

To enable an easier integration of CSR into business practice, it is useful to split the overall business activities into the key activities and areas of interest, for instance: production; products; transport; procurement; and work-force. Specific projects should be identified to help achieve the objectives and targets by addressing the key sustainability issues for each of the key business areas. For example, the target of reducing the emissions of greenhouse gases can be achieved by increasing energy efficiency or switching to 'green' electricity.

Examples of the case studies that show how different companies have addressed sustainability issues on the practical level are available from the World Business Council for Sustainable Development (WBCSD).

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Measuring and Monitoring

Measuring and monitoring is one way to ensure that CSR objectives and targets are being met. Over the years, this will give a good indication of the direction in which the company is going - either towards or away from sustainability. It also provides data for internal and external communication. To facilitate data collection and minimise the effort, it may be useful to develop a centralised data collection system with a unified database format that is compatible with the company’s existing databases so that the data can easily be manipulated.

Training, Awareness Raising and Motivating

Understanding the implications of the general concept of CSR for the company’s activities is critical for a successful implementation of the CSR management system. This understanding should be evident throughout the company and among all employees. Awareness raising and training are therefore essential if CSR is going to be integrated into business practice. These activities will also facilitate the necessary cultural change for making business more sustainable.

The usual training activities (e.g. health and safety) could be broadened to include a short introduction to CSR and its relevance to a particular training activity. Leadership courses could be expanded in a similar way, to encourage management to be innovative and take a lead in CSR.

Awareness raising can be achieved in a number of ways. Examples include bulletin boards and newsletters with simple, easy-to-understand facts about CSR, explaining what each employee can do to contribute towards making the company more sustainable. Internal reporting on CSR is also a useful awareness raising tool.

Various financial and non-financial incentive schemes could be put in place to encourage employees to put forward innovative ideas that could lead to improved levels of sustainability. The increased awareness and participation of employees will not only generate practical ideas, but will also increase enthusiasm for the CSR programme itself as most employees enjoy being part of an organisation that is committed to operating in a socially and environmentally responsible manner.

Internal and External Communication

Effective communication is essential for promoting the concept of CSR as well as for promoting a company's achievements. Therefore, it is important to develop meaningful internal and external reporting procedures. Internal reporting on a company's achievements with respect to CSR and the related benefits can have a significant effect on corporate culture. For example, a company could ask their line managers to include in their regular reports a statement on whether they have achieved the CSR targets for a particular period. The board could request similar periodic reports from directors and senior management. A summary of progress should also be communicated to all employees at regular intervals.

A large number of companies already produce external reports on their CSR performance. The Global Reporting Initiative (GRI) is emerging as the most prominent reporting standard adopted by an increasing number of com-
panies. The GRI provides recommendations and guidelines on both the report structure and the type of indicators. For easier performance comparison, the GRI recommends inclusion of the following elements in the CSR reports\(^\text{22}\): vision and strategy with a statement from the CEO; overview of the company’s structure and operations; governance structure and management systems including stakeholder engagement; and performance indicators divided into economic, environmental, social and integrated. Sustainability reporting helps maintain transparency of business dealings by providing relevant information to the stakeholders. Companies who wish to communicate their achievements with respect to CSR are also using it as a marketing tool.

**Review and Corrective Actions**

To establish whether the objectives and targets set by the CSR policy have been met, progress review must be carried out at regular intervals. The review periods can vary and normally range from three months to one year. If the targets have not been met, the reasons should be identified and an appropriate corrective action should follow. Alternatively, the objectives should be reviewed and more realistic targets set. However, if all targets have been met and the achievements clearly communicated, the process starts again with the policy review and re-alignment with business strategy. In this way, companies will be fully aware of their performance and direction in which they are going – either towards or away from sustainability.

**Conclusions**

CSR is a new business paradigm which promotes an integrated management of economic priorities, environmental issues and social concerns and incorporates sustainability thinking into everyday business practice. This process of change may be best facilitated through a suitable management system. One such system has been outlined in this article. However, it must be emphasised that this CSR management system, as is the case with any other management system, is only a tool that can facilitate the process of achieving sustainability but by itself cannot make business sustainable. Achieving corporate sustainability requires a vision, leadership and innovative thinking – only proactive, forward-looking and fully committed companies will be able to respond to this challenge.

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