

# Managing Corporate Social Responsibility: Translating Theory into Business Practice

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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'<sup>1</sup>. 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.<sup>2</sup> Therefore, as recognised in the European Com-

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<sup>1</sup> European Commission (2002). Communication from the Commission Concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development. Com(2002) 347 Final, Brussels, 2.7.2002. [http://europa.eu.int/comm/enterprise/services/social\\_policies/csr\\_communication\\_en.pdf](http://europa.eu.int/comm/enterprise/services/social_policies/csr_communication_en.pdf) (3 Oct 2002).

<sup>2</sup> Ibid.

mission Communication<sup>3</sup> on promoting CSR<sup>4</sup>, 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<sup>5</sup> 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.

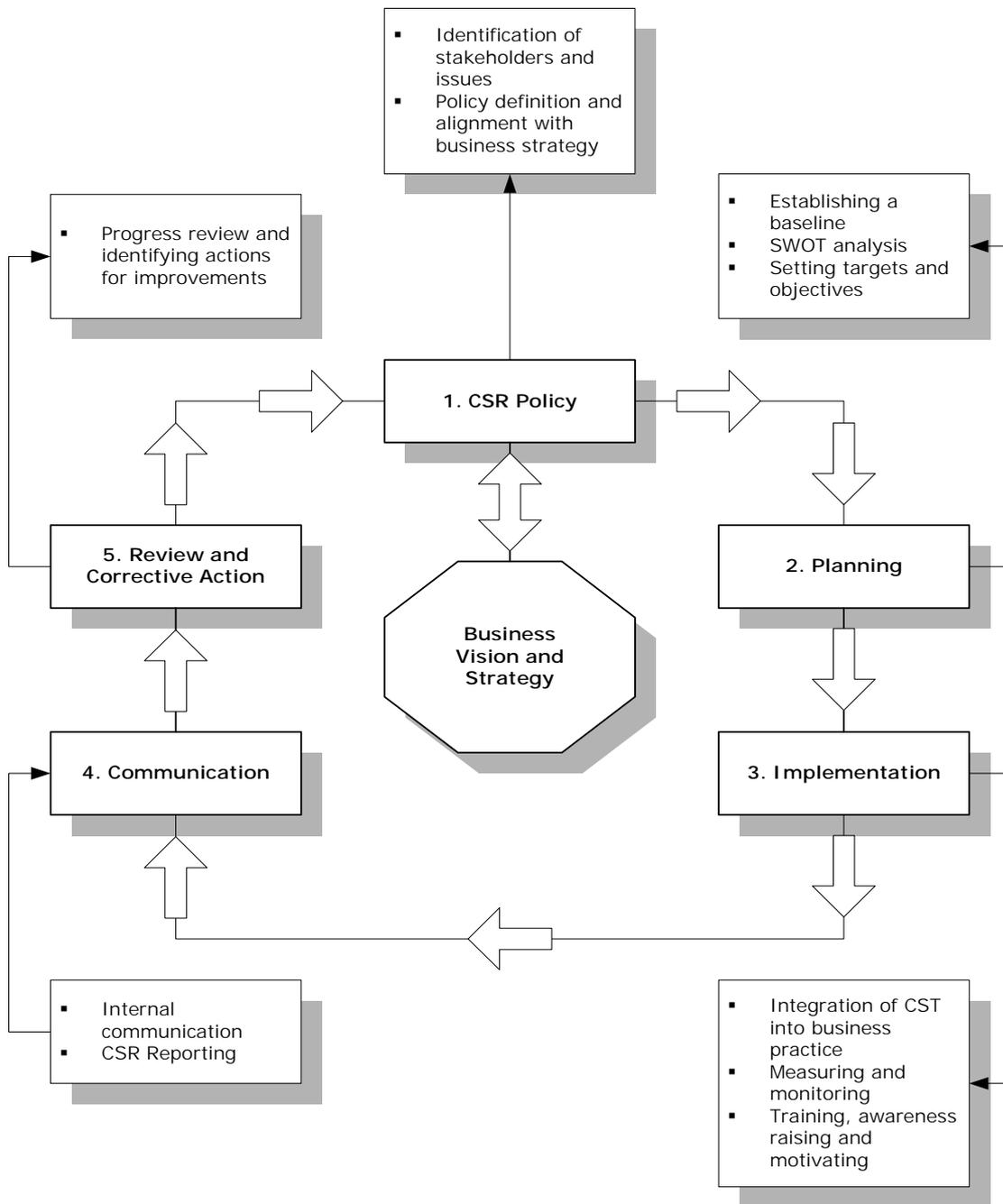
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<sup>3</sup> A 'Communication' from the European Commission is a general type of document that the EC uses to communicate various information to the European Council, Member states, industry and other institutions. A Communication can be concerned, 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.

<sup>4</sup> Ibid.

<sup>5</sup> Strengths, Weaknesses, Opportunities and Threats

**Figure 1**  
**CSR Management System**



### *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

Stakeholders	Concerns			Time scale	
	Economic	Environmental	Social	Short to medium	Long term
Competitors	☑	✓	✓	1	2
Creditors	☑	✓	✓	1	2
Customers	☑	✓	✓	1	
Employees	☑	✓	☑	1	1
Local authorities	✓	☑	☑	1	2
Local communities	✓	☑	☑	1	1
NGOs	✓	☑	☑	1	1
Policy-makers	☑	☑	☑	1	2
Shareholders	☑	X/✓	X/✓	1	2
Suppliers	☑	X/✓	X/✓	1	

**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-

ronmental and social. 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.<sup>6</sup> 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.<sup>7</sup>

### 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<sup>8</sup>:

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

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<sup>6</sup> Ibid.

<sup>7</sup> Azapagic (2002). Life Cycle Assessment: A Tool for Identification of More Sustainable Products and Processes, p62-85. In: *Handbook of Green Chemistry and Technology* (Clark, J. and D. Macquarrie (eds.)), Blackwell Science, Oxford.

<sup>8</sup> Azapagic, A. and S. Perdan (2000). Indicators of Sustainable Development for Industry: A General Framework. *Trans IChemE (Proc. Safety Envir. Prot.)*, Part B, Vol. 78, No. B4, 243-261.

- 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

	<b>Issues</b>	<b>Indicators</b>
<b>Economic</b>	Profit	Annual Profit
	Turnover	Annual turnover
	Shareholder value	Share value/returns
	Value added	Value added
	Investments	<ul style="list-style-type: none"> <li>• Capital investment</li> <li>• Human capital investment</li> <li>• R&amp;D investment</li> </ul>
	Liabilities	<ul style="list-style-type: none"> <li>• Environmental liability</li> <li>• Social liability</li> </ul>
	Contribution to GDP	Ratio of value-added to GDP
	Contribution to employment	Number of employees relative to total number of people employed in a certain region or a country
<b>Environmental</b>	Resource depletion	Rate of non-renewable and renewable resource depletion relative to the total world/regional reserves
	Energy use	Amount of energy used
	Air emissions	Emissions of SO <sub>2</sub> ; emissions of heavy metals, etc.
	Water emissions	<ul style="list-style-type: none"> <li>• Emissions of nitrates and nitrites</li> <li>• Total suspended solids, etc.</li> </ul>
	Solid waste	Amount of solid waste (hazardous and non-hazardous)
	Biodiversity	Loss of biodiversity (e.g. rate of loss of a certain species in a certain region or globally)
	Contribution to global warming	Emissions of greenhouse gases
<b>Social</b>	Health and safety	<ul style="list-style-type: none"> <li>• Lost time accidents (employees H&amp;S)</li> <li>• Number of external H&amp;S complaints (citizens' H&amp;S)</li> </ul>
	Employee training and education	<ul style="list-style-type: none"> <li>• Percentage of hours of training relative to the total hours worked</li> <li>• Percentage of employees that are sponsored by the company for further education</li> </ul>
	Wages and benefits	<ul style="list-style-type: none"> <li>• Ratio of lowest wage to national legal minimum</li> <li>• Health and pension benefits relative to the total employment costs</li> </ul>
	Work satisfaction	E.g. Number of hours lost due to absenteeism
	Equal opportunities and non-discrimination	Percentage of women/ethnic minorities in middle/senior positions
	Ethical business dealings	<ul style="list-style-type: none"> <li>• Preservation of cultural values</li> <li>• Avoidance of working with corrupt regimes</li> <li>• Abolishment of child labour</li> </ul>
	Customer satisfaction	Number of complaints
	Stakeholder involvement and liaison	Number of consultative meetings with stakeholders
	Social partnership and sponsorship	Involvement in community projects
<b>Integrated</b>	Sales and resource depletion	Mass of product sold per total amount of materials used
	Turnover and energy consumption	Total turnover per amount of energy used
	Wealth and employment	Wealth created per employee
	Human capital investment	Human capital investment as percentage of profit

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<sup>9</sup>. 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.<sup>10</sup>

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<sup>11</sup>:

'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 meas-

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<sup>9</sup> Collins, J. C. (2000): Built to Last: Successful Habits of Visionary Companies, 3rd ed. Random House Business.

<sup>10</sup> GRI (2002). Sustainability Reporting Guidelines. Global Reporting Initiative, <http://www.globalreporting.org/GRIGuidelines/> (3 Oct 2002).

<sup>11</sup> Carillion (2002). 2001 Sustainability Report. <http://www.carillionplc.com/hp-index2.htm> (14 Oct 2002).

ures of performance. To ensure that they are a true measure of sustainability, 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<sup>12</sup> indicators has to be developed. The indicators should be quantitative wherever 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 identified 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 performance. In some cases an issue will be expressed by several indicators, for example, air emissions can include emissions of SO<sub>2</sub>, particulates and heavy metals.

A number of companies and organisations are working actively on the development of indicators for different industrial sectors, including the Global Reporting Initiative (GRI)<sup>13</sup>, Institution of Chemical Engineers (IChemE)<sup>14</sup> and Industrial Minerals Association Europe (IMA-Europe)<sup>15</sup>. Further discussion on sustainability indicators for industry, including ethical measures of performance, can be found e.g. in Azapagic and Perdan<sup>16</sup>.

### ***Sustainability SWOT Analysis***

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

- new and proposed legislation;
- industry practices, standards and future trends;
- technical developments, such as clean technologies;
- competitors' strategies; and
- community interests and pressure-group activities.

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

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<sup>12</sup> Integrated indicators link two or more sustainability indicators, e.g. value added per unit of resource used.

<sup>13</sup> GRI (2002). Sustainability Reporting Guidelines. Global Reporting Initiative, <http://www.globalreporting.org/GRIGuidelines/> (3 Oct 2002).

<sup>14</sup> IChemE (2002). The Sustainability Metrics. The Institution of Chemical Engineers, Rugby.

<sup>15</sup> IMA-Europe (2002). Sustainability Indicators for the Industrial Minerals Sector. IMA-Europe, Brussels, January 2002. <http://www.ima-eu.org>.

<sup>16</sup> Azapagic, A. and S. Perdan (2000). Indicators of Sustainable Development for Industry: A General Framework. *Trans IChemE (Proc. Safety Envir. Prot.)*, Part B, Vol. 78, No. B4, 243-261.

Table 3  
An example of sustainability SWOT analysis

<p align="center"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>✓ Strong financial position with good shareholder value</li> <li>✓ Ability to produce higher value-added products</li> <li>✓ Possibility to penetrate new developing markets</li> <li>✓ Good reputation and a possibility to improve that image</li> <li>✓ Good relationships with local communities</li> <li>✓ Good Health and Safety record</li> <li>✓ Relatively good environmental performance with few non-compliance accidents</li> <li>✓ Relatively good relationship with local communities</li> <li>✓ Good representation in trade associations</li> </ul>	<p align="center"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>– Emphasis on short-term returns and lack of long-term vision (10 years and beyond)</li> <li>– Limited understanding of the corporate sustainability concept and potential benefits</li> <li>– Lack of formalised environmental management systems</li> <li>– Relatively large workforce turnover resulting in loss of expertise and continuity</li> <li>– Poor internal communication</li> <li>– Difficulties in attracting and retaining good quality people</li> <li>– Low percentage of women and ethnic minorities in senior positions</li> </ul>
<p align="center"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>✓ To identify inefficiencies and improve financial and environmental performance</li> <li>✓ To reduce environmental risks and incidents and future liabilities</li> <li>✓ Ability to provide guidance to the regulatory bodies to make informed decisions through self-assessment and monitoring</li> <li>✓ To build on the existing image and take the lead in CSR in the group and/or in the sector</li> <li>✓ To attract and retain good quality people</li> <li>✓ To further improve relationship with local communities</li> <li>✓ To improve relationships with investors and customers through sound environmental, social and ethical record leading to financial benefits</li> </ul>	<p align="center"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>– Increasingly stringent legislation</li> <li>– Increasingly difficult 'social permitting' process</li> <li>– Disputes and conflicts with communities and pressure groups</li> <li>– 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</li> <li>– Lack of own data on own environmental and social performance making the company more open to criticism and less able to refute various claims</li> <li>– 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</li> </ul>

### *Setting Targets and Objectives*

As in any other business proposal, a CSR strategy also requires setting objectives and targets.<sup>17</sup> 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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<sup>17</sup> 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<sup>18</sup>:

'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<sup>19</sup> 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.<sup>20</sup>

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).<sup>21</sup>

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<sup>18</sup> Rio Tinto Borax (2001). Borax and Sustainable Development. Progress Report 2001. Rio Tinto Borax, <http://www.borax.com/library2a.html#> (14 Oct 2002).

<sup>19</sup> Rio Tinto (2003). Social and Environment Review 2002. <http://www.riotinto.com/community/policies/default.asp> (10 May 2003).

<sup>20</sup> DTI (2001). Sustainable Development: Improving Competitiveness through Corporate Social Responsibility, A Directors Guide. Department of Trade and Industry, London, May 2001.

<sup>21</sup> WBCSD (2002). Case Studies. World Business Council for Sustainable Development, <http://www.wbcd.org/projects/index.htm> WBCSD (3 Oct 2002).

### ***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<sup>22</sup>: 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.

### **Acknowledgements**

One of the authors (AA) would like to express her gratitude to the Royal Academy of Engineering which supported this work financially through the Industrial Secondment and Engineering Foresight Award schemes. The Leverhulme Trust is also gratefully acknowledged for their financial assistance.



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<sup>22</sup> GRI (2002). Sustainability Reporting Guidelines. Global Reporting Initiative, <http://www.globalreporting.org/GRIGuidelines/> (3 Oct 2002).