

The corporation's Social Responsibilities



PEPSI REFRESH PROJECT

- <https://www.youtube.com/watch?v=srY7Wkl2Ibl>
- <https://www.youtube.com/watch?v=pY6VeWtRgxw>

CSR in Starbucks

http://www.youtube.com/watch?v=Nly_OdvORQY

CSR in McDonald

http://www.youtube.com/watch?v=S_bgP3ASUM4&list=PL2veAdSmW-CSCNF62APipnyLfdFudJC99



Corporate Power and Responsibility

- Corporate power refers to the capability of corporations to influence government, the economy, and society, based on their organizational resources
- The tremendous power of the world's leading corporations has both positive and negative effects
 - **Positives** include commanding more resources, producing at lower costs, planning further into the future, and bring new products, technologies, and economic opportunities to developing societies
 - **Negatives** include disproportionate influence on politics, shape tastes, dominate public discourse, divide markets, and squash competition

Transnational Corporations and Countries: top 8 world companies



	Company name	Country ISO Code	Last avail. year	Operating revenue (Turnover) th USD Last avail. yr	Number of employees Last avail. yr	GUO - Name
1.	WAL-MART STORES, INC.	US	2013	476'294'000	2'200'000	WALTON FAMILY
2.	ROYAL DUTCH SHELL PLC	GB	2013	451'317'000	92'000	ROYAL DUTCH SHELL PLC
3.	CHINA PETROLEUM & CHEMICAL CORPORATION	CN	2013	440'751'001	368'953	THE CENTRAL PEOPLE'S GOVERNMENT OF CHINA
4.	EXXON MOBIL CORP	US	2013	420'836'000	75'000	EXXON MOBIL CORP
	AUSTRIA GDP			394'458'000		
5.	BP PLC	GB	2013	379'631'000	83'900	BP PLC
6.	SAUDI ARABIAN OIL COMPANY (ARAMCO)	SA	2013	320'000'017	56'066	GOVERNMENT OF SAUDI ARABIA
	DENMARK GDP			314'889'000		
7.	VITOL HOLDING B.V.	NL	2012	302'748'187		CROATIA LUXEMBOURG SYRIA SLOVENIA TUNISIA COSTA RICA
						56'447'000 55'143'000 46'540'000 45'380'000 45'132'000 45'107'000
8.	VOLKSWAGEN AG	DE	2013	280'191'740		



The Meaning of Corporate Social Responsibility

- A corporation should **act in a way that enhances society and its inhabitants** and be held accountable for any of its actions that affect people, their communities, and their environment
- It implies that **harm** to people and society **should be acknowledged and corrected** if at all possible
- It may require a company to **forge some profits** if its social impacts seriously hurt some of its stakeholders or if its funds can be used to have a positive social impact

The Corporate Social Responsibility Debate



Arguments for Corporate Social Responsibility

- Balances corporate power with responsibility.
- Discourages government regulation.
- Promotes long-term profits for business.
- Improves stakeholder relationships.
- Enhances business reputation.

Arguments against Corporate Social Responsibility

- Lowers economic efficiency and profit.
- Imposes unequal costs among competitors.
- Imposes hidden costs passed on to stakeholders.
- Requires skills business may lack.
- Places responsibility on business rather than individuals.

The Social Enterprise



- A business that adopts social benefits as its core mission
- An organization that uses business strategies for the purpose of improving human and environmental well-being
- Its primary purpose is not to maximize returns to shareholders
- It can be large and established or small and new

The B Corporation



- Also called a “benefit corporation” - a new type of corporation that seeks to blend its social objectives with financial goals
- A B Corporation must *prove* its socially responsible by meeting the B Lab standards
 - B Lab is a non-profit organization that assesses a corporation’s social and environmental performance standards
 - <http://benefitcorp.net/about-b-lab>

Serving the Bottom of the Pyramid



- The term bottom of the pyramid refers to the poorest people in the world—nearly 4 billion who earn less than \$2.50 per day
- Business can carry out its responsibility to society by bringing products and services to these underserved people
- Example: Grameen Bank uses microfinance to serve the bottom of the pyramid
 - microfinance occurs when financial organizations provide loans to low-income clients or solidarity lending groups who traditionally lack access to banking or related services



Thank you

SOME EXAMPLES OF TEST QUESTIONS:

1) An argument against corporate social responsibility is that it imposes unequal costs among competitors.

Answer: T - Page: 57

2) Corporate power refers to:

A. The capability of competitors to influence legislation, trade, and the stock market, based on their organizational resources.

B. The capability of politicians to influence corporations, employees, and unions, based on their organizational resources.

C. The capability of corporations to influence government, the economy, and society, based on their organizational resources.

D. The capability of CEOs to influence product development, employee morale, and currency indices, based on their organizational resources.

Answer: C

2) Which of the following is an argument in favor of corporate social responsibility?

A. Lowers economic efficiency and profit.

B. Discourages government regulation.

C. Places responsibility on business rather than individuals.

D. Imposes unequal costs among competitors.

Answer: B

3) Can you describe the Corporate Social Responsibility in Starbucks?