

Corporate Social Responsibility Management

Socio-economic impact of companies



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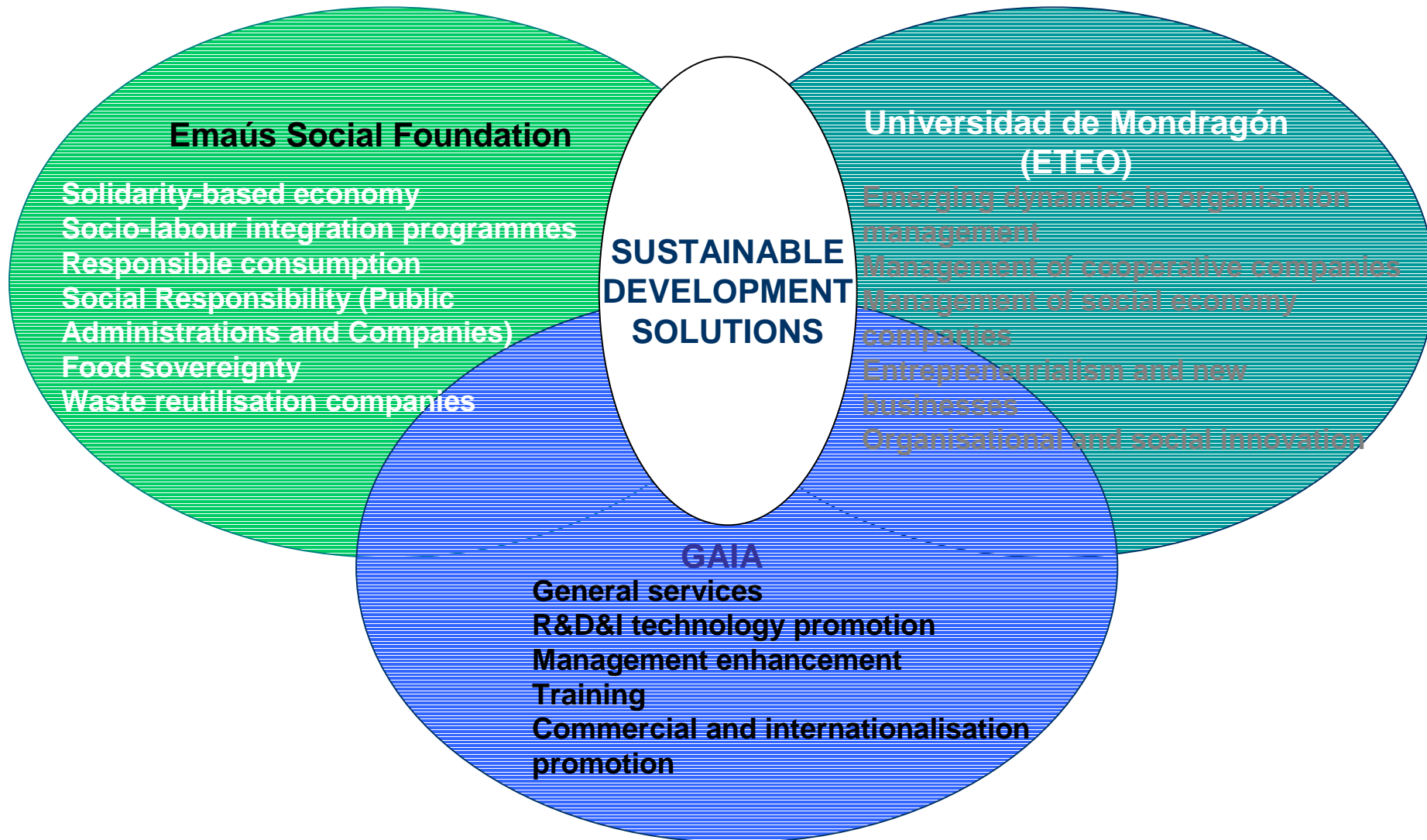


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Dirección de Cooperación al Desarrollo



Who we are- A multi-stakeholder team



Who we are

Experience:

- A multidisciplinary team
- Experienced in CSR management in overseas subsidiaries
- Experienced in economic impact studies
- Experienced in education for sustainable development/social entrepreneurship

Previous actions:

- 2004-08 – International MONDRAGON, GAIA strategy
- 2006-08 – CSR diagnosis in multi-location processes

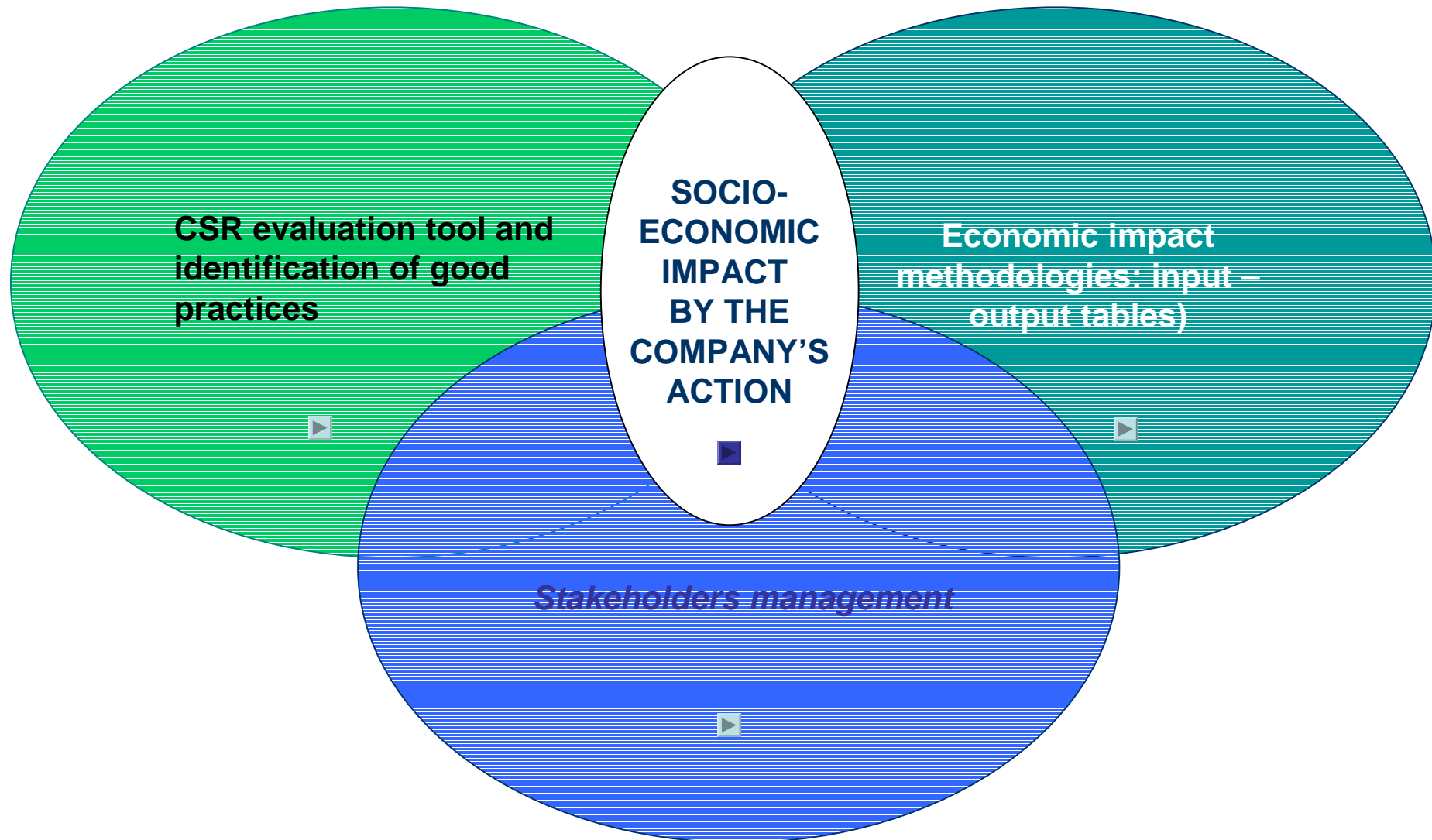
Projects underway:

- ⇒ 2009-10 – Sustainable multi-location
- ⇒ 2009-10 – Responsible procurement

What do we understand by CSR?

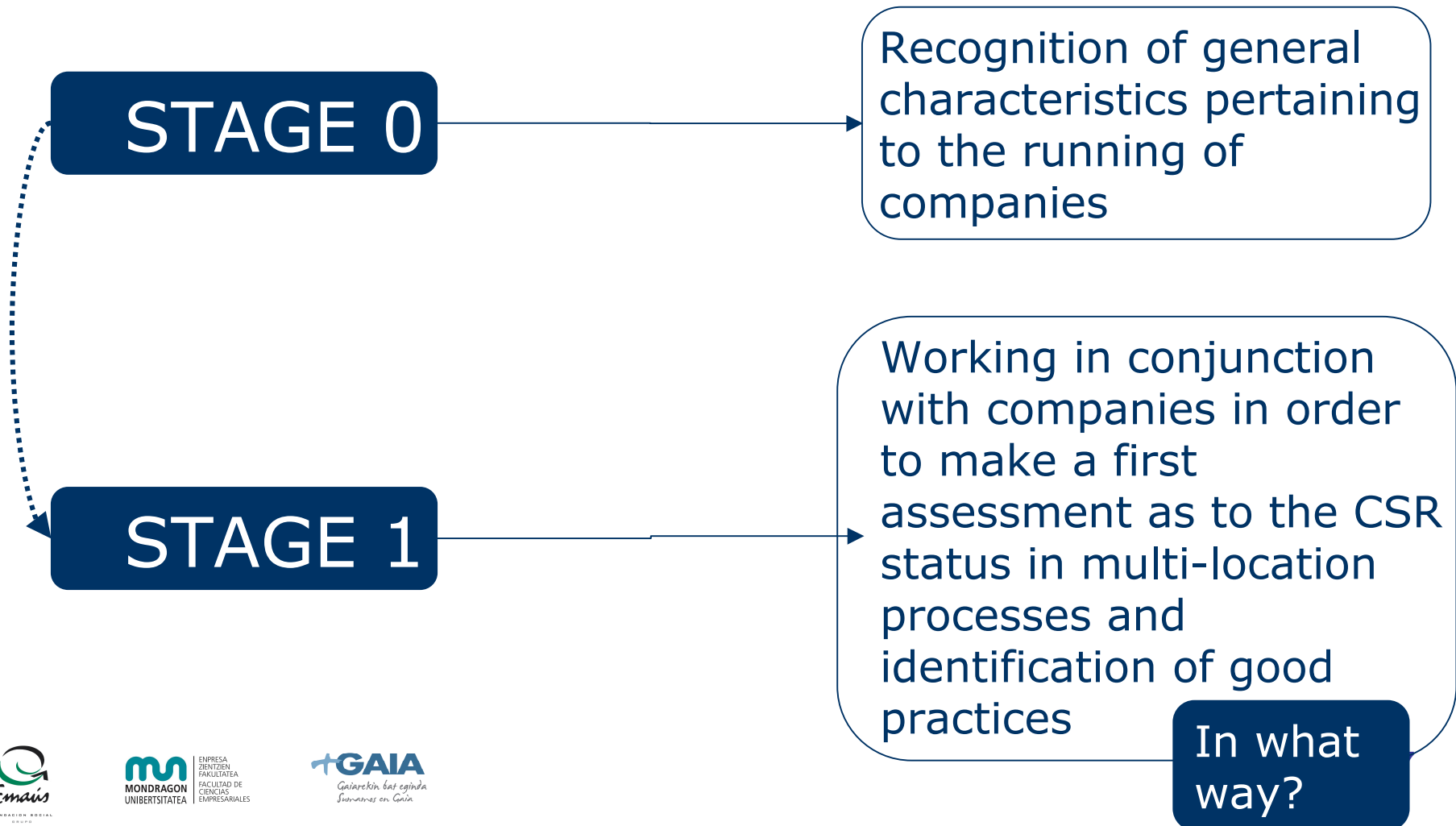
- The company as a development agent
- Notion of wealth: in its economic, environmental and social dimensions
- Multi-stakeholder focus
- Positive vision of CSR management through socio-economic impact

Our work proposal



Our work proposal

CSR evaluation tool and identification of good practices



Our work proposal

CSR evaluation tool and identification of good practices

1º

| | | MATRIZ | FILIAL A | FILIAL B | POLÍTICA GLOBAL |
|--|---|--|----------|----------|-----------------|
| 1.1 Adopción de norma ISO 26000 (sobre Responsabilidad Social) | | | | | |
| VALORACIÓN | ¿Conoce y aplica la norma ISO 26000? | | | | |
| | NO | (1) No se conoce | | | |
| | | (2) Existe conocimiento pero no se ha comenzado a trabajar | | | |
| | SI | (3) Cumplimos | | | |
| | | (4) Se gestiona | | | |
| | | (5) Es estratégico | | | |
| No lo ve aplicable | | | | | |
| IMPORTANCIA | ¿Cuál es la importancia del cumplimiento de leyes y convenciones? | 5 | 5 | 4 | 5 |

2º

| PRINCIPALES INDICADORES | Matriz | FILIAL A | FILIAL B | Política Global |
|---|--------|----------|----------|-----------------|
| Hay alguna declaración de valores y principios definida | ✓ | ✓ | | |
| Está determinada la cantidad de horas semanales de trabajo | ✓ | ✓ | ✓ | ✓ |
| Se permite la creación de sindicatos | | ✓ | ✓ | |
| Existe una política salarial equitativa, sin variación por sexo, raza, edad, etc. | ✓ | ✓ | ✓ | ✓ |
| La empresa adopta medidas de seguridad laboral | ✓ | | ✓ | |
| Se buscan alternativas para evitar los despidos | ✓ | | ✓ | |
| La empresa no ha recibido ninguna sanción por incumplimiento de la declaración de DDHH | ✓ | ✓ | ✓ | ✓ |
| En las auditorías y evaluaciones de los proveedores, la empresa mide el compromiso social y ético | ✓ | | | |
| Se conoce la política laboral y salarial de los trabajadores subcontratados | ✓ | | | |
| La empresa no ha recibido ninguna sanción por la contratación de menores de edad, fuera de la ley | ✓ | ✓ | ✓ | ✓ |

3º

Identification of good practices



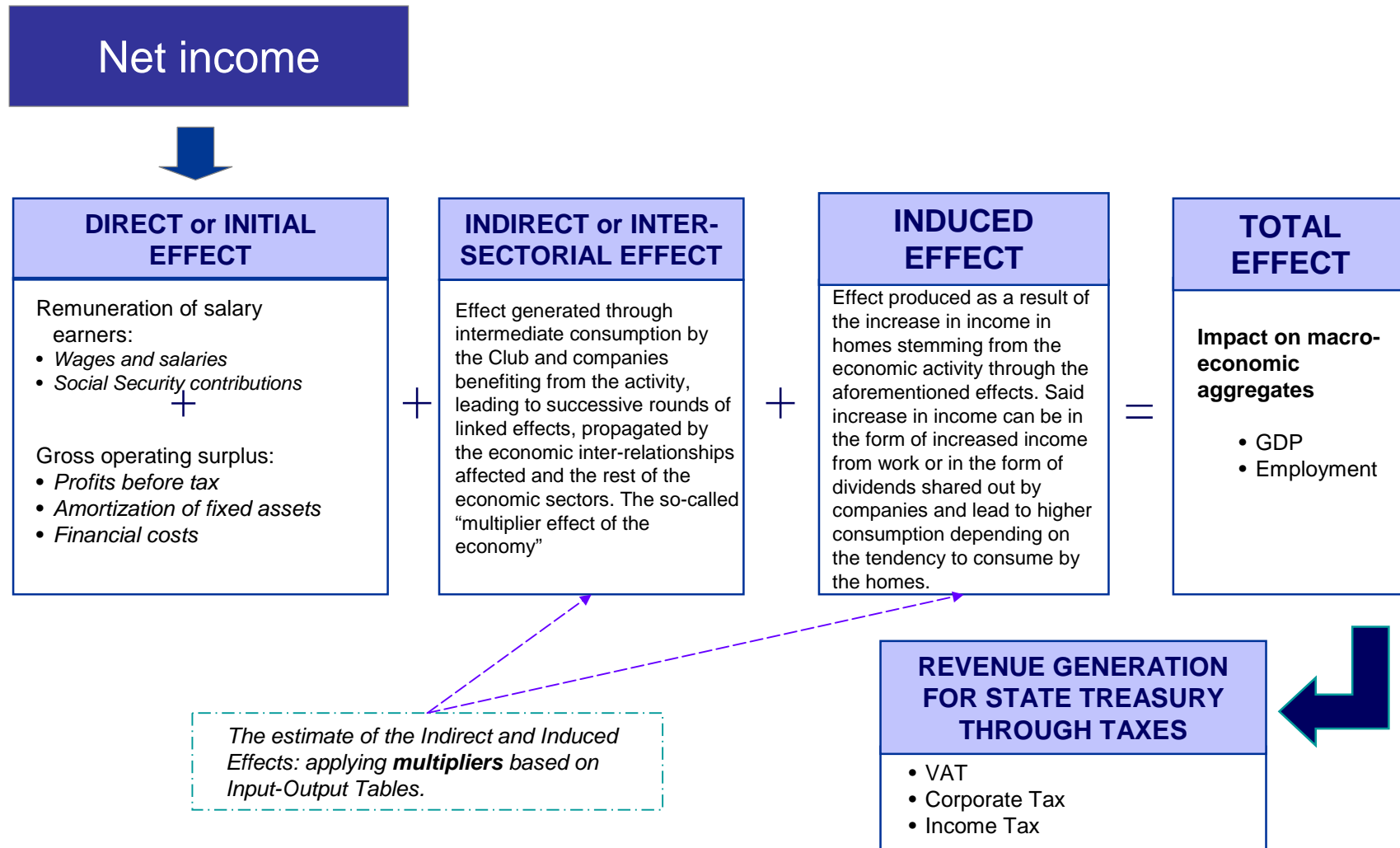
Our work proposal

Economic impact methodology: Input Output Tables

- The objective of an economic impact model is **to determine the wealth produced in a country or region** through the development of a **business activity** over a **specific period of time**.
- The impact measuring model that we propose is based on a **demand estimate** concerning the business activity.
- The amount of income that economic agents obtain through this demand implies **wealth creation for the area where the company's business activity** is being carried out, which can be expressed in macro-economic aggregates: **GNP and employment**. This is the so-called **DIRECT EFFECT**.
- Economic impact does not end with this direct effect, since the aforementioned economic agents must **necessary increase their orders from different suppliers** in order to meet the additional demand that the main activity accounts for, who in turn must set up a second transaction cycle, since they have to increase orders with their suppliers at the same time. These **INDIRECT EFFECTS** stemming from the second and further transaction cycles are repeated, reducing the impulse in each transaction stage, to the point where they run out.
- As a result of the **increase in revenue** in homes that is produced by the economic activity caused by the previously described effects, the **INDUCED EFFECT** is produced. Said increase in revenue may be in the form of income from work or in dividends in companies, and is tantamount to consumption depending on the tendency for spending by the homes, which in turn leads to additional demand in the different sectors in the Basque economy.
- To summarise, **the activities produced by the company generate a succession of interlinked forms of impact** that interact on the system in a recurrent and dynamic way, so that at the end of the process, the social impulse has created a “multiplying effect” on the who economic system.
- In order to calculate this multiplier effect, **multipliers** are used. Multipliers are obtained from Input – Output tables which are published by official statistics institutions and which include the effect that economic activity has on the wealth of a country or a region over a given period of time, taking into account any inter-relationship that may arise between different economic sectors.
- The **TOTAL EFFECT** or **ECONOMIC IMPACT** is the result of adding the direct and indirect effects. The induced effect derived from the total effect is also calculated. Finally, based on the calculated impact on the macro-economic aggregates, the **revenue production for the State Treasury** can be calculated based on VAT, Corporate Tax and Income Tax.

Our work proposal

Economic impact methodology: Input Output Tables



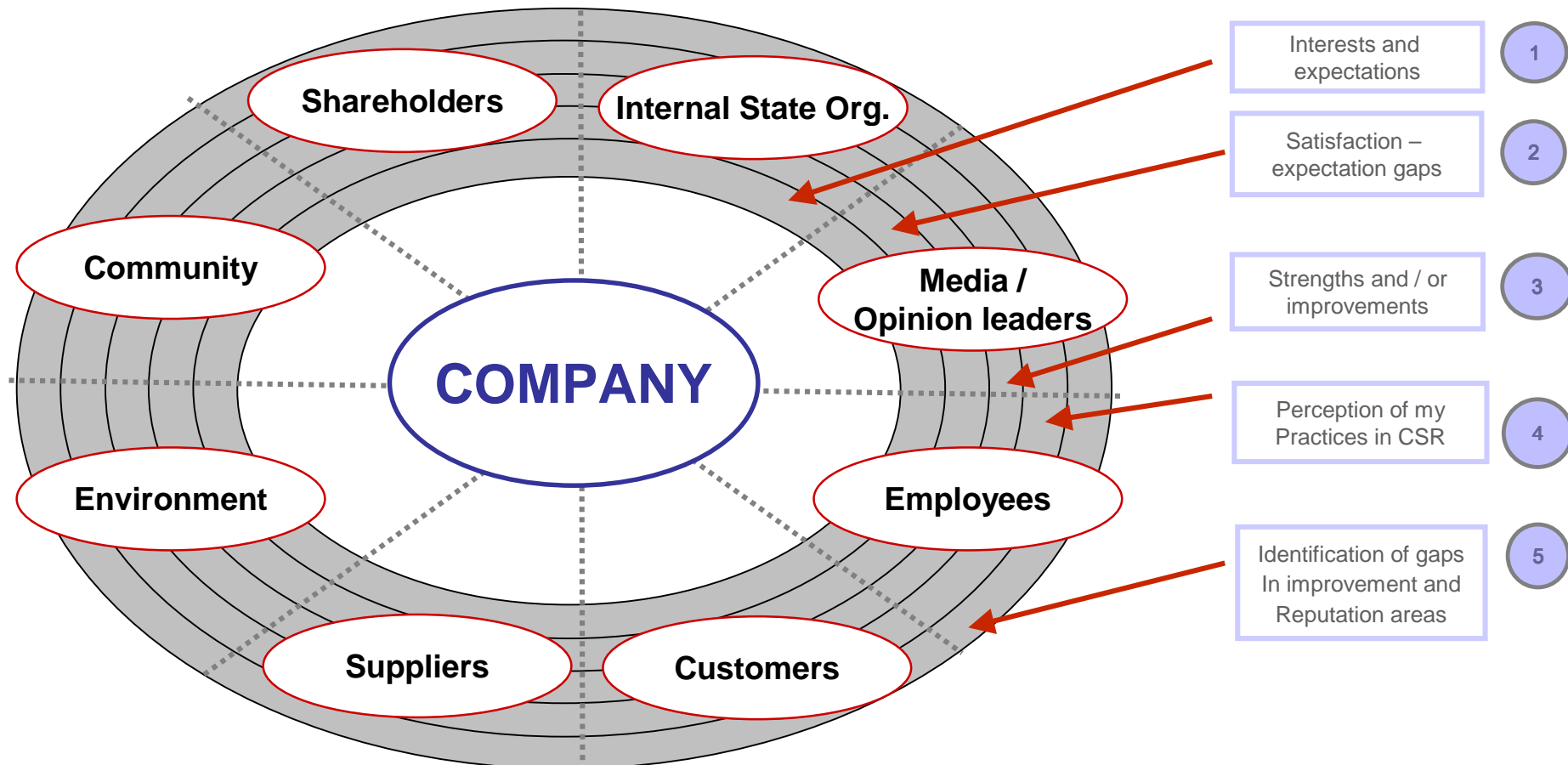
Our work proposal

What do we understand by Stakeholder?

- People or groups affected by the transactions of an organisation or company
- People or groups who can affect an organisation or company
- This does not include all those who can have an opinion about a company
- Organisation have many types of *stakeholders* who have different levels of involvement, commitment and interests

Our work proposal

Who are the stakeholders?



Our work proposal

How to manage the relationship with the stakeholders?

| | | | | |
|--|--|--|---|--|
| Who are your stakeholders? | | | | |
| Traditional business interaction | Employees, customers, suppliers, investors, regulators | | Widest groups | Local communities |
| What subjects should you discuss with them? | | | | |
| Legal and contractual matters | Marketing, industrial relations, choice of location for plants, business and procurement planning... | | Emerging subjects New responsibilities | Corruption, social exclusion, human rights, health risks, economic development, working conditions on production chains, environmental impact... |
| How to do it? | | | | |
| Unilateral communication | Market research, corporate communication, publicity and media coverage | | Dialogue Cooperation | Consulting, advice panels, online feedback, forums and alliances, networks... |



Our work proposal

Socio-economic impact of company action

ECONOMIC

- Employment
 - Number of hrs/week
 - Freedom of association
 - Job stability
 - Search for dismissal alternatives
 - Avoid contracting minors
 - Knowledge of supplier labour policies
 - Knowledge of subcontractor labour policies
- GDP
 - Compliance with minimum salary
 - Avoid salary discrimination
 - Knowledge of supplier salary policy
 - Knowledge of subcontractor salary policy

SOCIAL

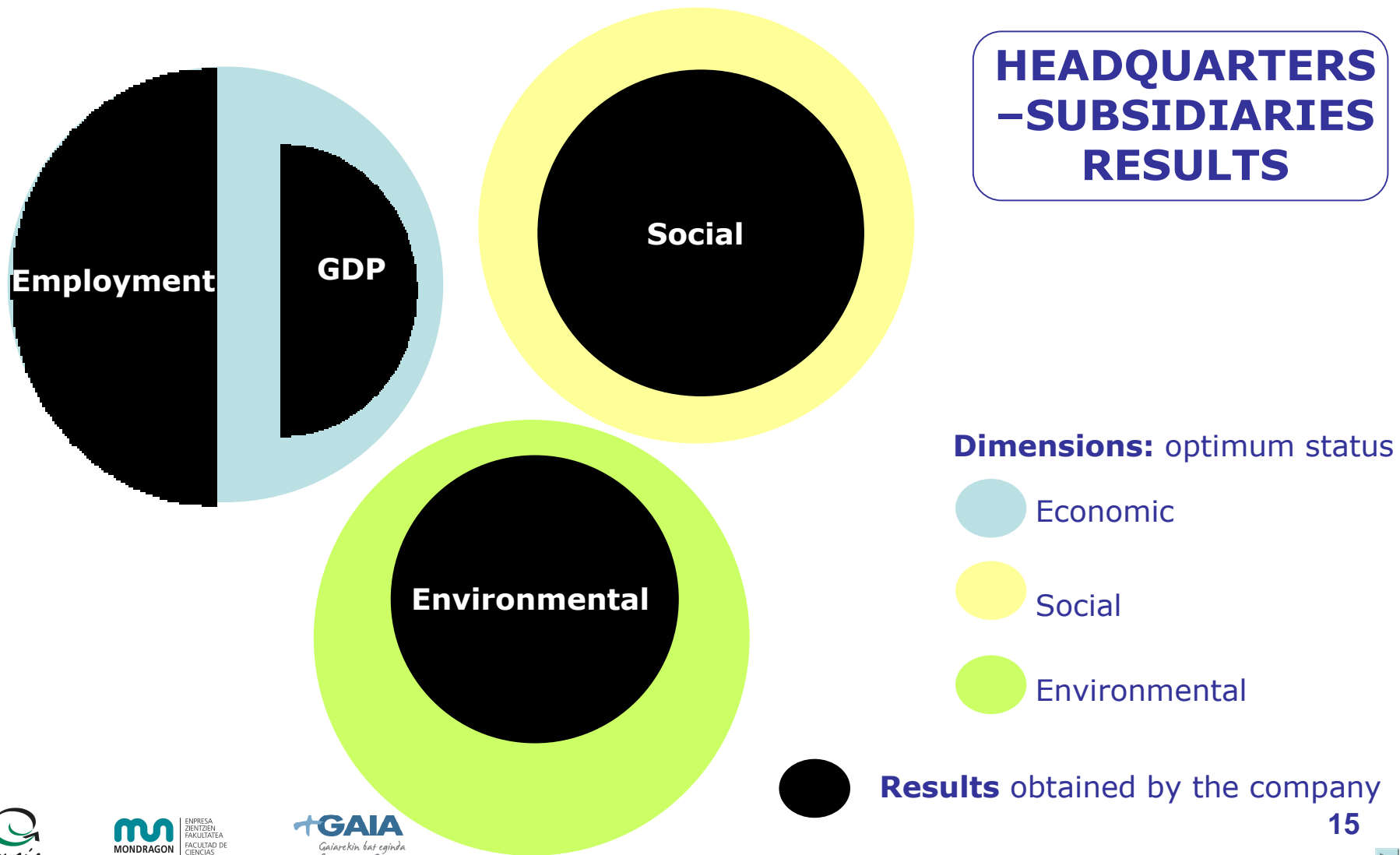
- Values and principles
- Policies to avoid discrimination in the company
- Policies to avoid corruption
- Social commitment with suppliers
- Social commitment with subcontractors

ENVIRONMENTAL

- Environment
 - Contamination prevention
 - Sustainable use of resources
 - Mitigation and adaptation to climatic change
 - Protection and restoration of the natural environment

Our work proposal

Socio-economic impact of company action



Countries of intervention

1. Working Group in the Basque Country for CSR agenda in internationalization processes:

- Analysis of relationship between **cooperation for development politics**, and companies internationalization strategies.
- Public-private agents engagement and identification... (companies, SPRI offices, CSR groups..)
- The establishment of objectives for the group.
- Definition of **SUSTAINABLE MULTI-LOCATION POLICIES**



2. Research and y trabajo en terreno en 6 países:

(China, India, Brazil, México, Morocco)

- **Context analysis:** development statistics (Millenium Development Goals, Human Development Indexes...), priorities of cooperation for development, agents in the country.
- **CSR Diagnosis:**
 - CSR good practices identification
 - Socioeconomic impact
 - *Stakeholders* management
- **Global vision** of companies and other stakeholders in the country
- **multistakeholder networks generation** (project sustainability)

What we offer: deliverables

PRODUCTS/RESULTS

▶ **CSR DIAGNOSIS** by company. **Confidential** character

Objective 1: Facilitate **CSR** related decisions

▶ **“COUNTRY REPORT”** (CSR good practices-contribution to a Millenium Development Goals): China, India, México, Brazil, Morocco. **Public** character/ awareness-conscience raising (NATIONAL CSR COUNCIL).

Objective 2: Knowledge management

▶ Conclusions, **shared vision** of organizations in the country. **Confidential** character.

▶ **MultilocalizARSE working group facilitation:** headquarters-subsiaries, CSR specialized organizations, universities and others.

Objective 3: Networking

▶ Web 2.0 strategy: www.multilocalizarse.com-

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