

## **Corporate Social responsibility (CSR)** **– What is it? What is its relevance to Tendering for public sector contracts?**

### **CSR – What is it?**

The concept of CSR as it is currently employed in tendering emanates from a European Commission initiative of 2006. This set up a European Alliance on CSR.

This Alliance adopted the following definition:

***"CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment." Companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".***

There was little real action to implement CSR on an EU or government wide basis until March 2010 when the Commission made a commitment to "renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust". This strategy was then adopted by the governments of the EU Member States and has taken a while to trickle down to local levels. Over the coming year the CSR requirement can be expected to appear as a key area of scoring and compliance in future tenders.

The more generally accepted description of the principle in use in the UK is:

***CSR is about how companies manage the business processes to produce an overall positive impact on all aspects of society and ensuring the sustainability of the business in the marketplace.***

Although charitable activity is an important element of CSR, there is much more to it than answering the tender question by simply stating that the applicant is a charity. The appraisal officer might very reasonably ask – so what? What contribution is the charity making to all elements of the principles set out above? By their very nature charities are required to focus their objects on specific areas of need rather than producing an "overall positive impact" Questions relating to employment matters, environmental concerns and business sustainability tend to be addressed by specialist charities and cannot be shown to exist as a set in the objects of most charities. In short, charities are limited in their powers to act, so CSR must be addressed through policy and procedure. As the importance of this concept grows and competition increases, so the points available for a good answer will also become more important.

The language which surrounds CSR is of "companies" and "corporate" so a charity might take the view that this does not apply. However, these days almost all charities, and certainly those tendering for public sector contracts are incorporated as companies limited by guarantee. Therefore the available explanations of CSR apply to them. In any case the term "Corporate Responsibility" refers to the "body corporate", or organisation as a whole regardless of its function in the overall business environment in which contracting to provide services is just one aspect.



## What is included in CSR?

Corporate Responsibility means many things to many people. For some, it is about recycling, improving the environment or working to help local communities. For others, it is something more strategic and ethical. Essentially it is about how you run your business to ensure its sustainability in the long-term. In a time of economic downturn the continued existence of a business of any kind, charitable or otherwise, is an important contributor to the health of the local community and the economy as a whole. So business sustainability is an important element of CSR and should be demonstrated in answering the question. A related issue is how the company is managed in order to support local communities where ever possible. This may include local sourcing of supplies, providing routes to employment through apprenticeships and work experience, volunteering not as an end in itself, but acting as a step into employment. So demonstration of volunteering outcomes which result in employment are an important feature in the current climate. In a sense CSR can be seen as how the company cares for all aspects of its local community and business environment. The answer requires a description of how the company directs its efforts at contributing to community's sustainability. If these actions can be shown to have no cost implications, then CSR can also contribute to the added value question where this still exists.

So schemes, as well as terms of employment which enable women and single parents to work contribute to the way the company relates to its local community. Whilst the question of how the company manages its economic, environmental and social impacts are at the heart of CSR and of the business. It is essential that the Board adopts a suitable CSR policy and strategy in order to meet these requirements.

True charitable and philanthropic contributions to the life of the community an important element of CSR, but these are just one element and are by no means all that is involved. Simply stating "we are a charity" is not a sufficient answer to the question. In order to comply with the requirements of CSR initially companies need to consider to two aspects of their operations

- The quality of their management - both in terms of people and processes; and
- The nature and quantity of their impact on the health of society generally and their local community in particular.

Some areas which CSR also addresses:

- The company's people strategy, ensuring that it is regularly updated to support both immediate needs and longer-term objectives;
- Ensuring employees are fully engaged with environmental issues and inspired to make a positive difference to the company's environmental performance;
- Contributing to the reduction of the individual's and the company's carbon footprint;
- Making the most of what we have – by reusing and recycling as much as possible in every area, and disposing of what we have left as responsibly as possible;
- Investing in the communities in which the company works through making positive purchasing and contributions to the life of the community as a whole.

## A CSR Policy

A typical policy could address the following key areas. Other areas might also be relevant so the list is not fully inclusive:

- Achieving integrated labour markets and higher levels of social inclusion, through actively seeking to recruit and develop routes into the workforce for people of all ages and from disadvantaged groups;



- Investing in continuing personal development, life-long learning through the implementation of a CPD policy and programme;
- Increasing the employability of the workforce in order to remain competitive and to cope with the ageing of the working population;
- Achieving improvements in public health, as a result of initiatives in areas such as the safe disposal of waste, disease prevention and contributing to the health of the community;
- Developing routes to employment for young people and those who find it difficult to get onto the employment ladder using a variety of means including volunteering;
- Increasing the performance of those who are in employment as well as ensuring that there is overall job satisfaction and a working environment is created which leads to efficiency;
- Measuring, recording and seeking to increase customer satisfaction with the services provided;
- Ensuring a rational use of natural resources and reducing levels of pollution through the adoption of an environmental management system and managing all aspects of the carbon footprint of the company and individuals;
- Maintaining a respect for human rights, environmental protection and core labour standards including working with trades unions;
- Working to reduce poverty and contributing to the life of the local community and society in general.

Increasingly tenders will require applicants to refer to and provide evidence of CSR policy and strategy. Companies of all kinds, including charities should be prepared for this. Often tenders are won and lost by a very small margin. A good CSR policy and strategy, as well as being a requirement, can also make the difference between winning and losing a contract.

Janet Roberts FRSA CIPS Affiliate  
18<sup>th</sup> May 2011

