

1.3D: Organisational Objectives: Activity



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1.3 TYPES OF ORGANISATION: ACTIVITY D

Read the case study below and answer the questions that follow.

CORPORATE SOCIAL RESPONSIBILITY



Corporate and social environmental awareness has become an essential for companies as they realize that they must listen to all stakeholders if they are to achieve their objectives.

The combination of environmental responsibilities, ethics and profits is one that is attracting increasing attention. Many chief executive officers of leading companies now disagree with the idea that the interests of shareholders and those of other stakeholders (employees, community, customers and so on) must always conflict. Increasingly corporations

seek to weld these two seemingly opposite forces so that 'doing good' and 'doing good business' become the same thing.

Social and environmental responsibility has moved from a 'nice to do' to a 'need to do'. The importance of the employee has been highlighted by the so called 'war for talent'. Recruiting the best and brightest has become a key concern, says a human resource manager at PricewaterhouseCoopers: "There is such a limited number of the right type of graduates, and they are choosy about the type of company they will work for. The cost of recruiting and retaining staff is likely to be higher if you are not seen as an ethical employer and organisation." A company's reputation also has significant implications for its financial performance. Analysts

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believe it is one of the key factors in the valuation of companies. One company could have a higher stock market valuation than another one solely due to its good social and environmental reputation.

Shell, a company with traditionally one of the worst reputations among environmental and social pressure groups, has made enormous efforts to reinvent itself as a socially responsible business. It has stated its aims as nothing less than to become “The leading multinational in economic, social and environmental responsibility”. Shell's chairwoman has said that the reason for Shell's conversion to environmental protection is: “We won't achieve our business goals unless we are listening to and learning from the full range of stakeholders in society.”

Source: www.BusinessManagementIB.com

QUESTIONS: 20 MARKS, 35 MINUTES

1. Explain the terms:
 - i. Socially responsible business
 - ii. Ethics
 - iii. Corporate social responsibility
 - iv. Social audit

[8 marks]

2. Analyse **two** factors given in the article which could encourage a business to adopt ethical and socially responsible objectives and strategies.

[5 marks]

3. Discuss the likely cost and benefits for Shell of the company working towards being seen as ‘the leading multinational in economic, social and environmental responsibility’.

[10 marks]