

# **Globalization and Strategy**

## **Strategic Management Competencies for Global Business**

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# **A 360 DEGREE Perspective On CSR**

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# Objective

- Employ social systems analysis to frame and conduct an enterprise CSR Audit

*In order to*

- Generate awareness of CSR as integral to societal development
- Enhance enterprise contributions to society –
  - Transform creative ideas into innovative solutions
  - Build productive wealth for future generations
  - Generate constructive “spin-offs” & “spillovers”

# Theoretical Underpinnings

- Private sector enterprise is “mirror image” of society and its social systems
- Competitive private enterprise provides broad range of creative societal contributions
- “Business case” for CSR has been made within reasonable limits of profitability
- Better “aligning” enterprise operations can yield both societal and enterprise benefits
- Sustainable CSR entails strategic alignment

# **Business Philosophy**

***“Serving society’s unmet needs  
as  
business opportunities”***

William C. Norris, founder and CEO,  
Control Data Corporation

# **Societal Challenges to Aliging Private with Social Interests**

- Market imperfections
- Misalignment in systems of property rights
- Weaknesses & biases in legal systems
- Public policy & infrastructural limitations
- Dislocation effects – socio-economic change
- Weak ethical norms, mistrust, low expectations
- Short-sighted decision-making

# 4-Step CSR Audit Process

Step 1 – Clarify strategic imperatives of enterprise and its working assumptions

Step 2 – Review relevant range of societal needs – using social process triangle

Step 3 – Systematic review of **all** enterprise functions and activities in light of Step 2

Step 4 – Comparative cost-benefit analysis to determine which adaptations and reconfigurations to undertake

# Benefits of CSR Audit

- Identify existing contributions
- Identify opportunities for better alignment of enterprise with societal needs
- Sensitize employees to their potential contributions for firm and as individuals
- Identify collaborative possibilities with local government and other stakeholders



# CSR Audit – Step 1

## Strategic Imperative – Know Thyself

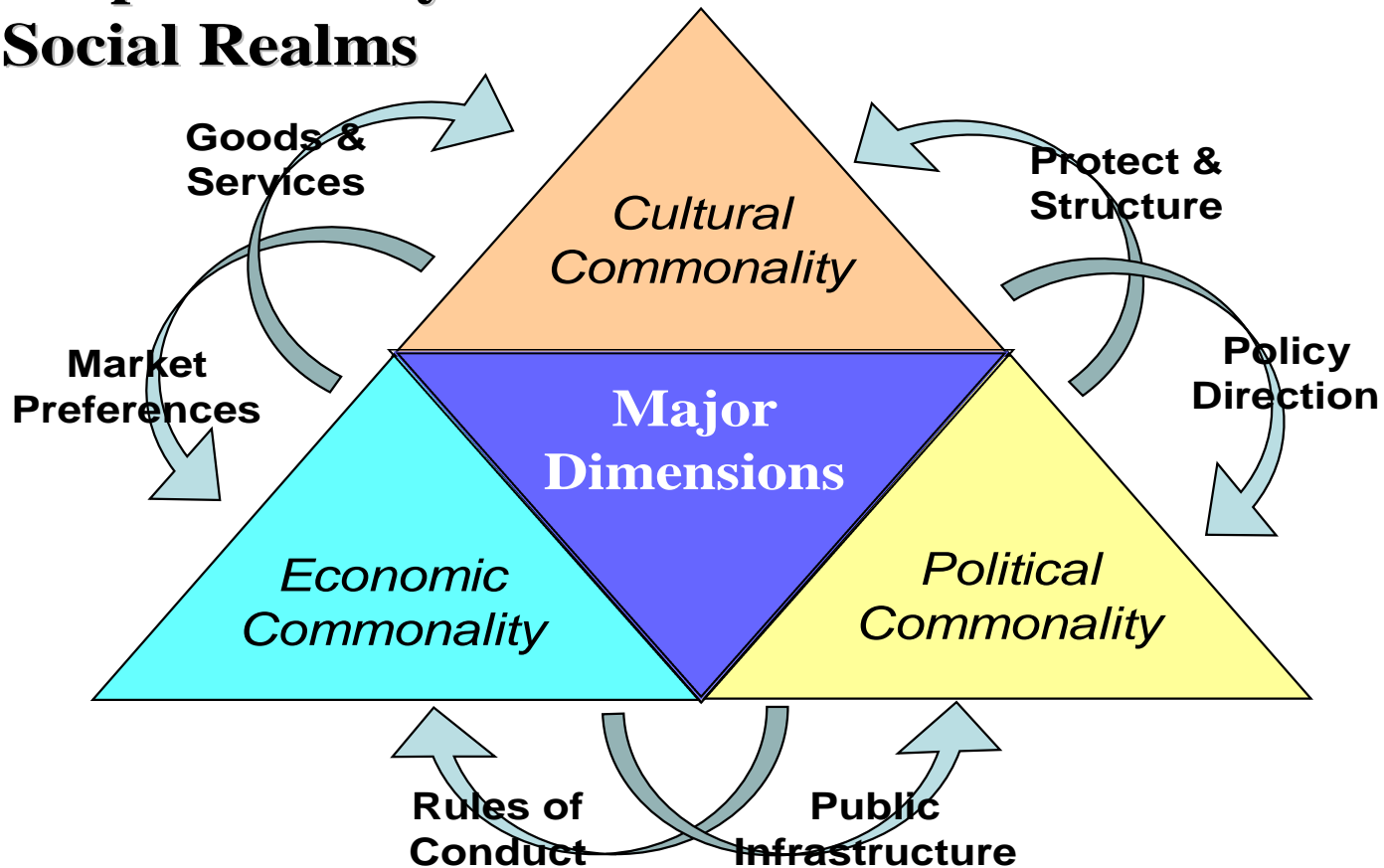
- **Base CSR on strategic interests of firm -**
  - Mission & vision
  - Core competencies & strategy
  - Working assumptions
- **Value of CSR audit for enterprise –**
  - Stay in touch with trends affecting society
  - Enhance employee appreciation of social effects
  - Improve coordination among initiatives
  - Clarify CSR rationale
  - Ensure sustainability & continuity for CSR

# CSR Audit – Step 2

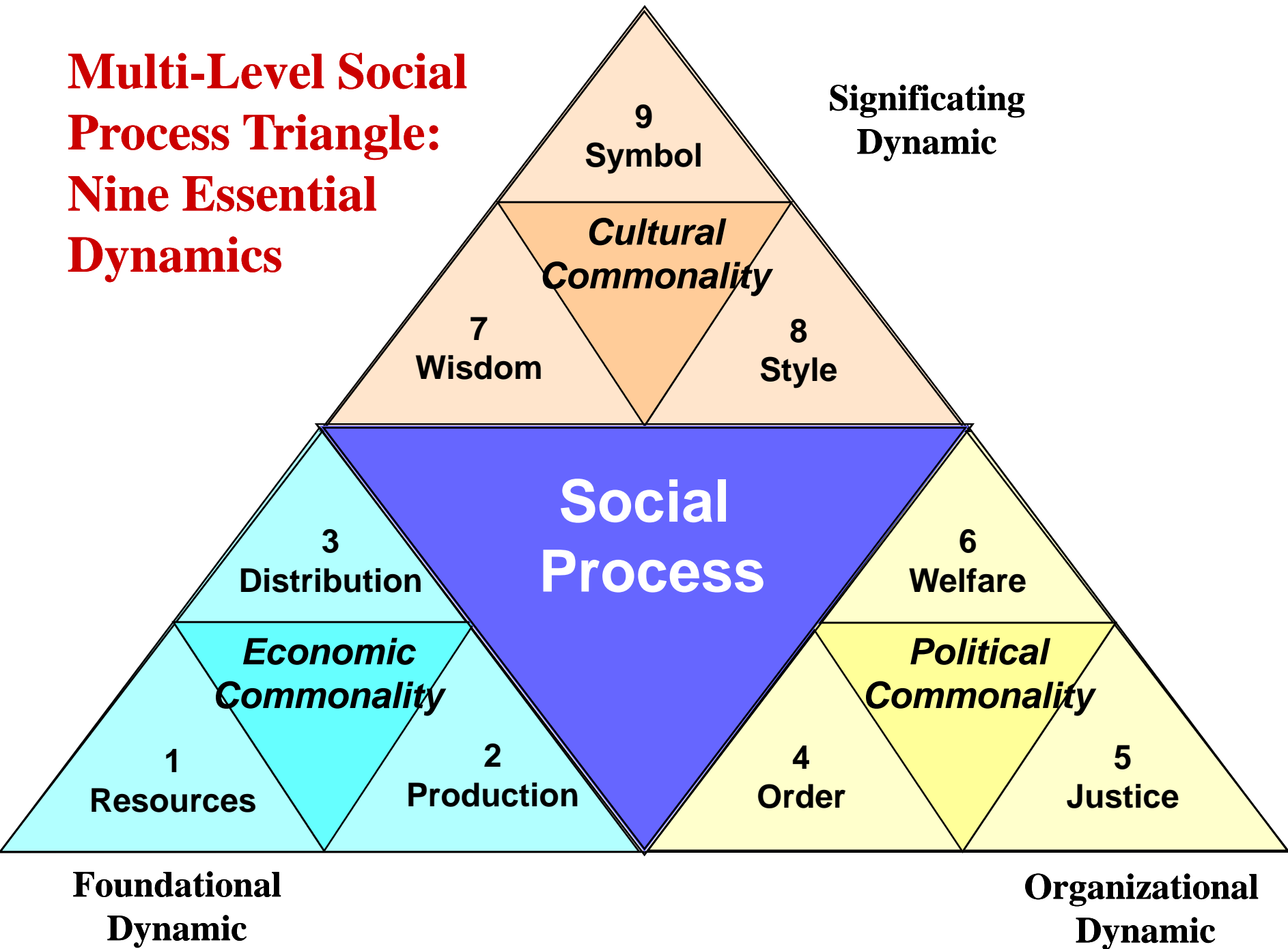
## Map Societal Needs

### Social Process Model

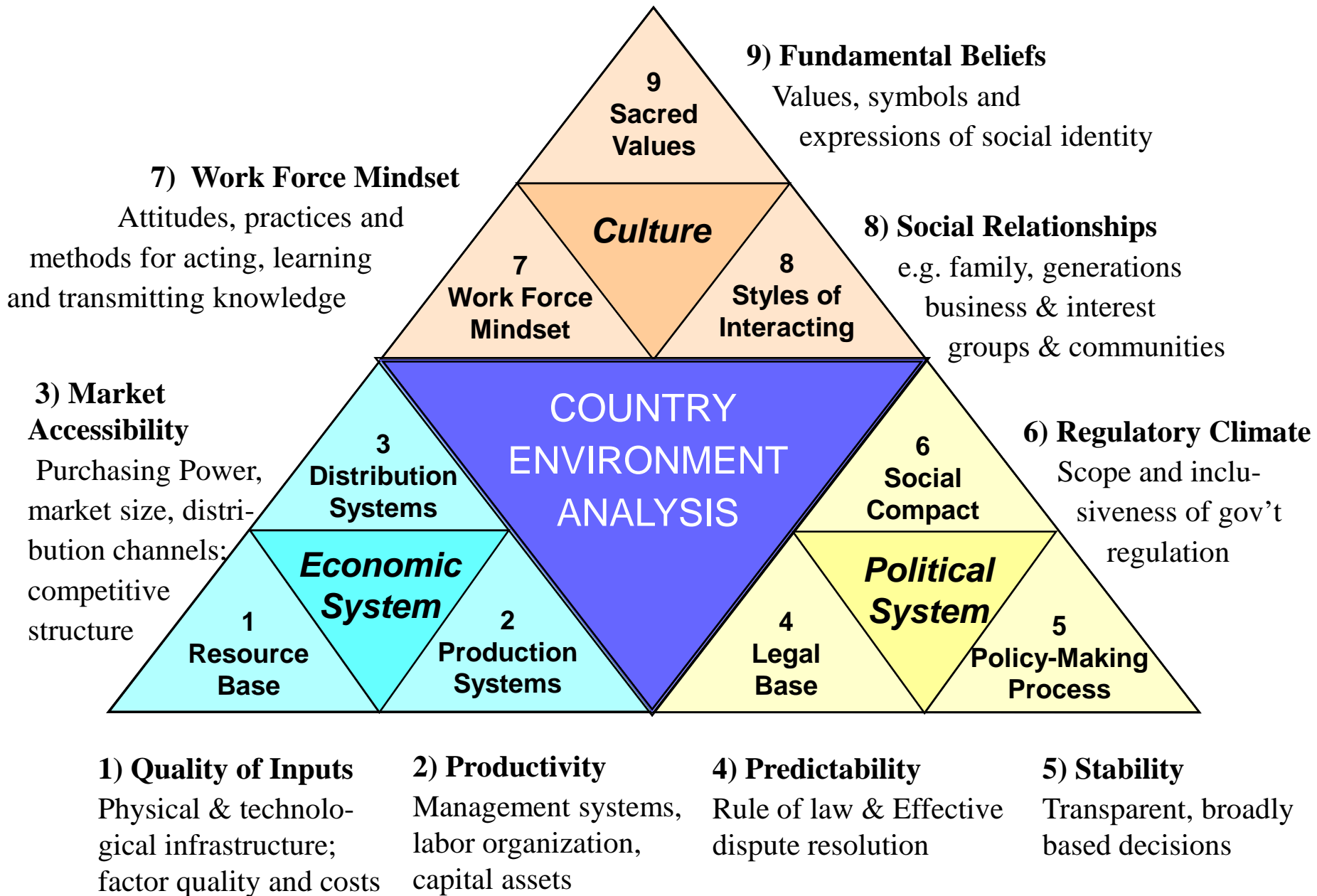
#### Complementary Social Realms



**Multi-Level Social  
Process Triangle:  
Nine Essential  
Dynamics**

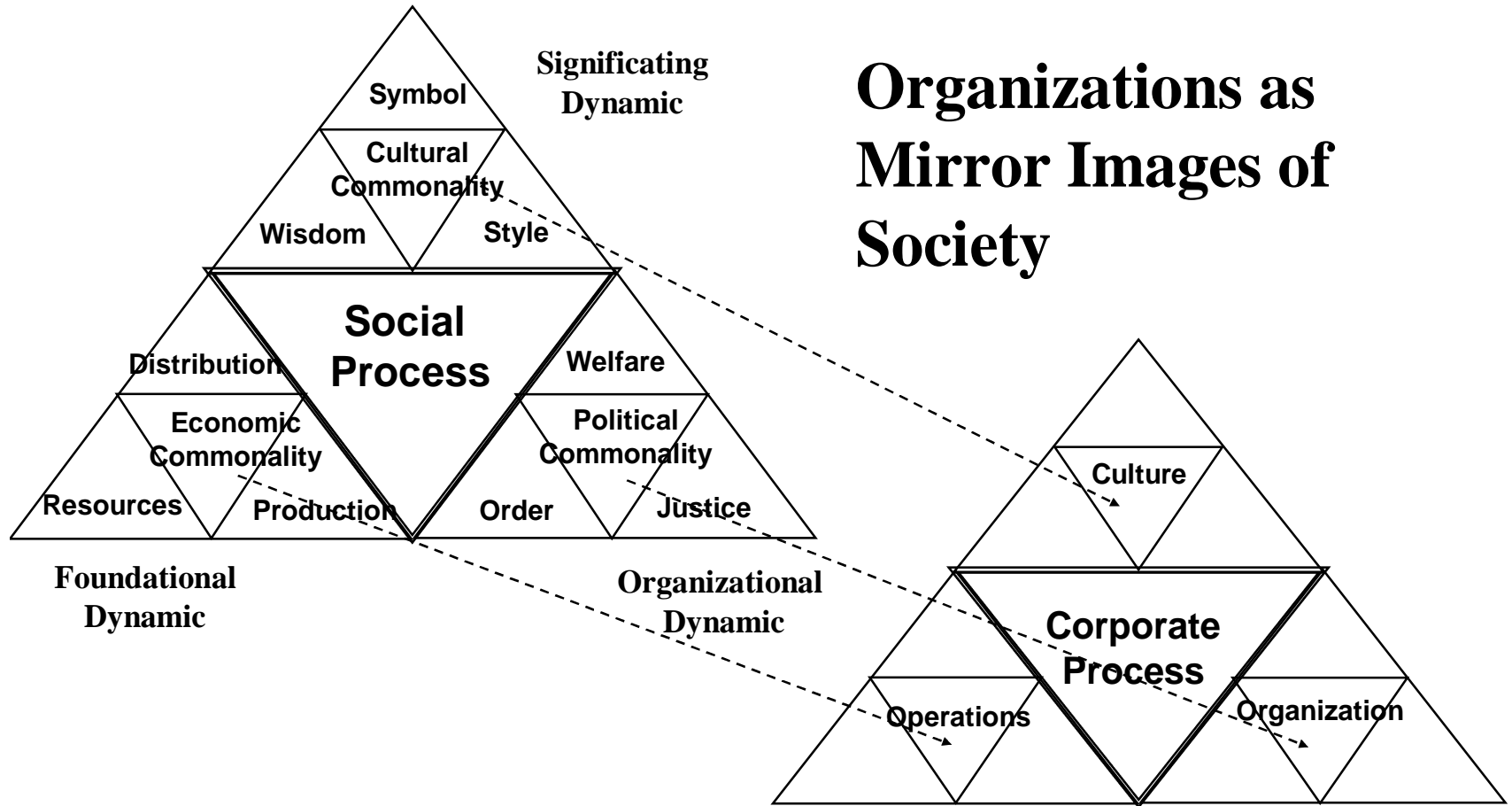


# Nine Societal Benchmarks

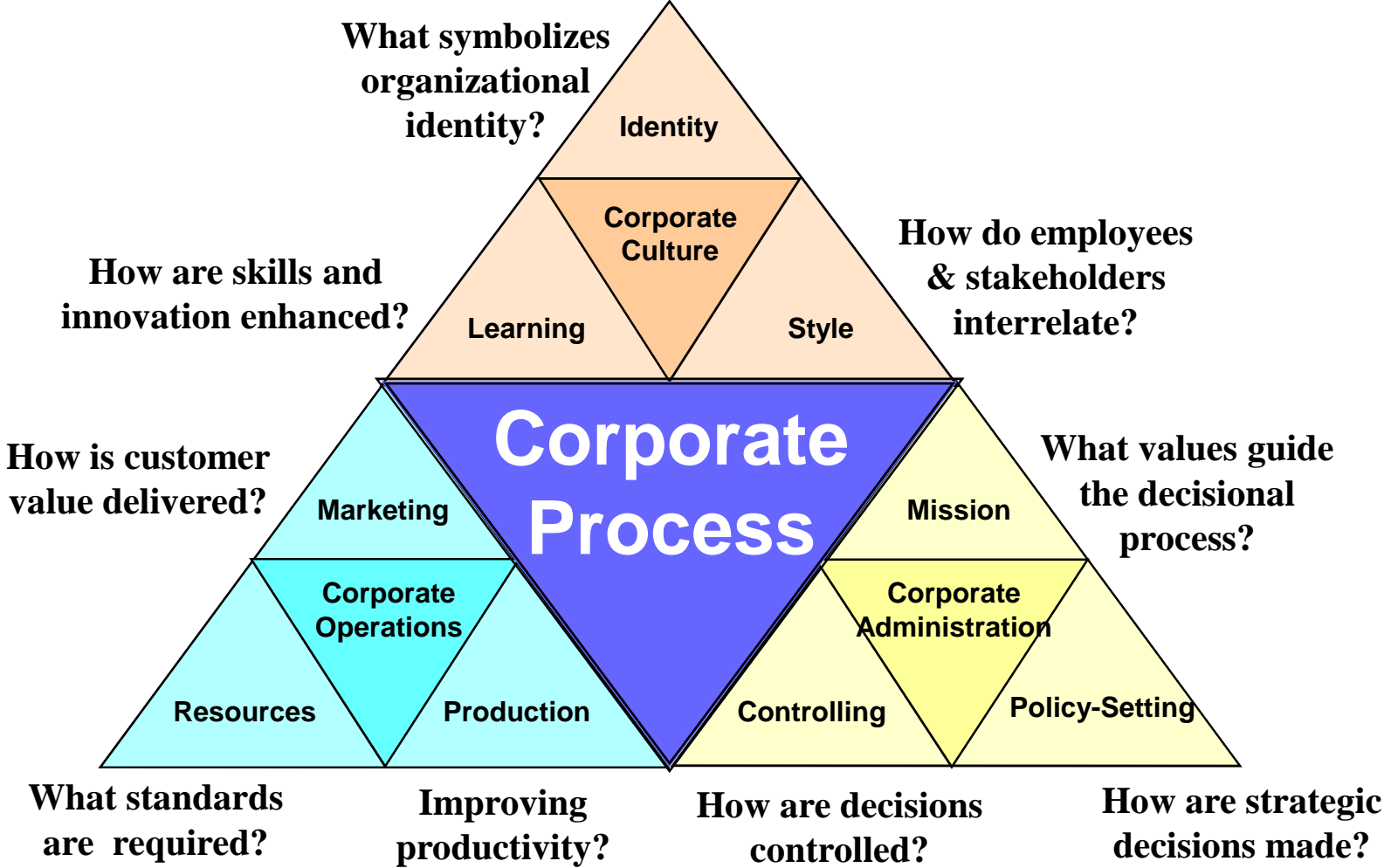


# Step 3

## Systematically Review Enterprise Dynamics



# Corporate Process Dynamics



# **Conducting A Corporate Audit**

## **Corporate Workshops**

- 1. Review range of societal needs that intersect with corporate activities**
- 2. Map enterprise activities and rationale**
- 3. Assess impact with society & societal needs**
- 4. Identify possible changes in corporate activities to align better with needs**
- 5. Comparatively assess and prioritize possible changes**

# Conducting A Corporate Audit

## Nine Corporate Dynamics

1. Resources Dynamic
2. Production Dynamic
3. Marketing Dynamic
4. Controlling Dynamic
5. Policy-Setting Dynamic
6. Mission Dynamic
7. Learning Dynamic
8. Style Dynamic
9. Identity Dynamic



# Corporate Audit

## Corp. Operations Dynamics

- 1. Resources Dynamic** – *e.g., sourcing standards, nurture emerging suppliers*
- 2. Production Dynamic** – *e.g., lower waste, minimize pollution, ISO standards, disseminate best practices*
- 3. Marketing Dynamic** – *e.g., practice “product stewardship,” monitor product usage, clear & accurate labeling*

# Corporate Audit

## Corp. Administration Dynamics

4. **Controlling Dynamic** – *e.g., regular audits, bidding standards, transparent industry & accounting standards*
5. **Policy-Setting Dynamic** – *e.g., measurable CSR outcomes, collaborative environmental standards, B-School relationships*
6. **Mission Dynamic** – *“social compact,” e.g., local health care, hire locally, generally accepted labor standards, e.g., SA 8000*

# Corporate Audit

## Corporate Culture Dynamics

- 7. Learning Dynamic** – *e.g., upgrade skill levels, recruit from less fortunate, encourage employee civic pride and care*
- 8. Style Dynamic** – *e.g., codes of conduct, build trust with stakeholders, promote mutually advantageous working relationships*
- 9. Identity Dynamic** – *e.g., pride of workmanship, enterprise and employee involvement in local community building*

## Step 4

# Comparative Cost-Benefit Analysis

- Prioritize possible corporate action in terms of its constructive impact on society
- Weigh-up costs of specific corporate action/change in terms of their social benefits
- Undertake all actions/changes which are economically feasible
- If all identified actions are not feasible, select those which most serve the strategic interests of the enterprise.

# Mass Merchandising Business Model

## Example: Business Practices Promoting Local Development

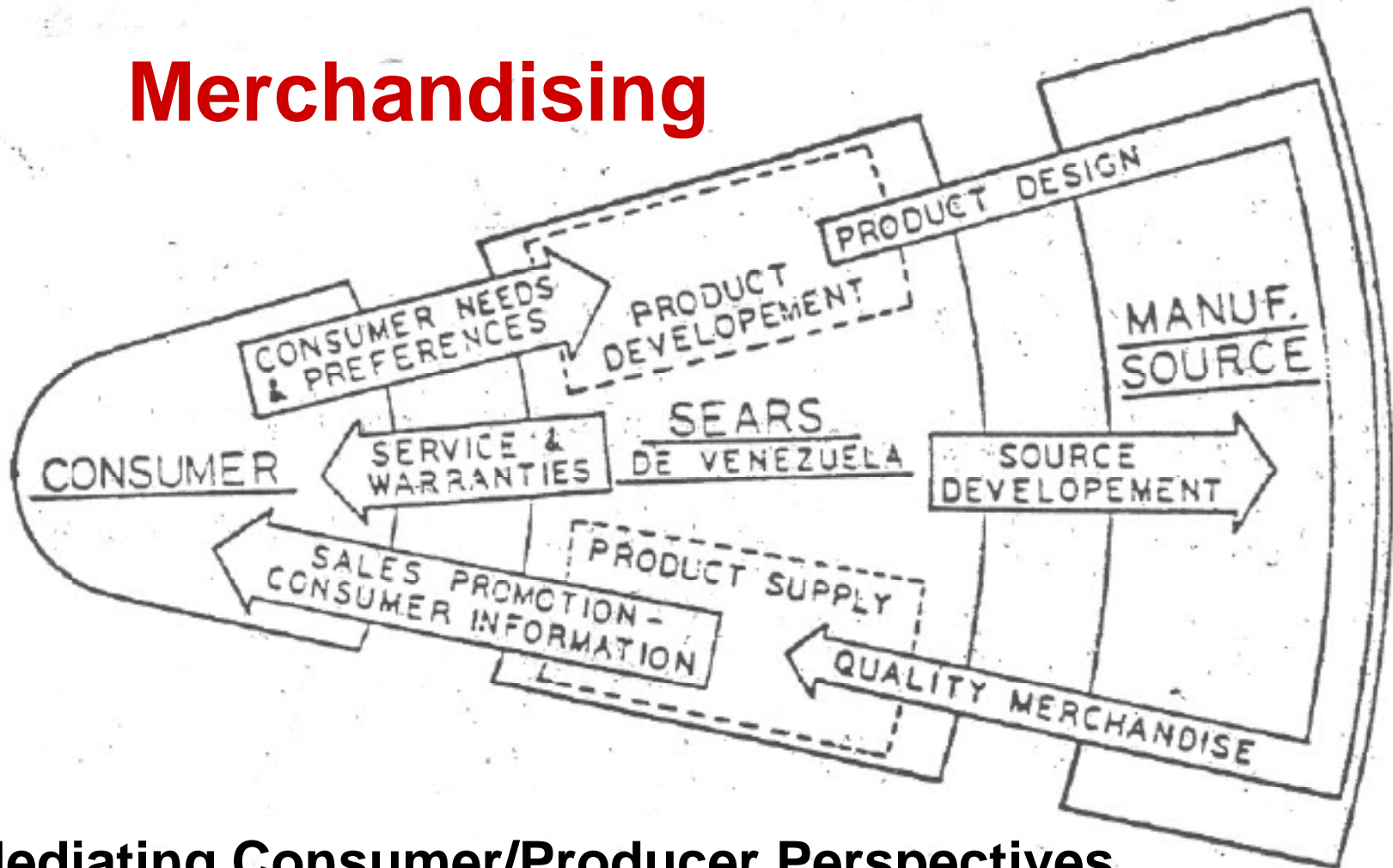
- Mediating Market Demand for Producers
  - Changing Product Features
  - Competitive Pricing Intelligence
  - Consumer Credit Systems
  - After-Sales Services
  - “Money Back” Guarantees
- Integrated Distribution Logistics
- Management/Production Line Assistance for Producer Expansion

# Traditional Retailing



**“One-Way Street” – from Producer to Consumer**

# Mass Merchandising



**Mediating Consumer/Producer Perspectives**

*The "Money Back Guarantee"*

**Questions/Comments?**