

# Unit 6: Corporate Social Responsibility and Sustainability

**Unit reference number:** J/506/3877

**QCF Level 5:** BTEC Professional

**Credit value:** 6

**Guided learning hours:** 36

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## Unit aim

This unit gives learners an understanding of corporate social responsibility and sustainability and the impact on organisations. This unit also provides an introduction to the concept of business ethics and the conduct of the organisation.

## Unit introduction

Corporate social responsibility and sustainability issues are a growing concern for several organisations. Many organisations are aware and concerned about the impact their activities have on the environment and also the impact of their operation on their reputation and image.

Many customers do not evaluate an organisation on just the features of their products and services, but also on what business practices they are engaged in, how their products are produced, and what effect on society the organisation activities has. Consequently, issues such as animal testing, environmental damage, irresponsible marketing, fair working conditions have become highly important for organisations to consider. Stakeholders and especially customer demands have played a central role in getting organisations to consider the impact their operations have on society and the environment. Over the past decade, organisations have been implementing sustainability programmes to manage their environmental impacts, reduce resource use and improve their social responsibility.

Media coverage has made consumers and other stakeholders more aware of the ethical behaviour of organisations. The increase in consumer awareness has resulted in many organisations promoting their social values to gain competitive advantage.

Corporate social responsibility and sustainability are no longer viewed as just a regulatory requirement that satisfies stakeholders' interest but also as an investment that could bring financial returns. However, there are mixed views and theories on whether corporate social responsibility and sustainability adds to or takes away from an organisations profits and value. There are also mixed views on whether it is possible to measure the impact of corporate social responsibility and sustainability on non-financial activities.

## Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

### On completion of this unit a learner should:

Learning outcomes	Assessment criteria
<p>1 Understand the characteristics of corporate social responsibility and sustainability</p>	<p>1.1 Discuss types of corporate social responsibility and sustainability activity</p> <p>1.2 Analyse the range of stakeholders who have an interest in corporate responsibility and sustainability</p> <p>1.3 Evaluate the impact of legal and regulatory requirements on a business, in respect of corporate social responsibility and sustainability</p> <p>1.4 Examine ways in which corporate social responsibility and sustainability is managed</p>
<p>2 Understand the impact of corporate social responsibility and sustainability strategy on business performance</p>	<p>2.1 Evaluate the impact of stakeholders' interests on corporate social responsibility and sustainability</p> <p>2.2 Evaluate ways in which corporate social responsibility and sustainability requirements can be incorporated into the development of new products and services</p> <p>2.3 Discuss how corporate social responsibility and sustainability requirements can affect business performance</p>
<p>3 Understand the strategic requirement for corporate social responsibility and sustainability</p>	<p>3.1 Explore the need for businesses to develop a corporate social responsibility and sustainability strategy</p> <p>3.2 Evaluate the social impacts business activities have on society</p> <p>3.3 Evaluate the environmental impacts business activities have on society</p>

Learning outcomes	Assessment criteria
4 Understand ethical approaches to leadership and management	4.1 Analyse the approaches businesses adopt at a strategic level when managing ethical issues 4.2 Evaluate the impact of an ethical approach to leadership and management on a business 4.3 Evaluate the impact of corporate social responsibility and sustainability on leadership and management

## Unit content

### 1 Understand the characteristics of corporate social responsibility and sustainability

*Sustainability:* definition; types, e.g. social, ecological, economic, political; managing waste and recycling; using sustainable resources; reducing carbon footprint; improving work activities and production processes; reducing pollution; climate change; monitoring impact of activities; identifying improvements

*Corporate social responsibility:* definition, e.g. how organisations integrate social and environmental concerns into business operations; corporate governance; stakeholder and community engagement; human rights; green initiatives; importance of ethical codes of practice, e.g. in sales and marketing, intellectual property; role and responsibility of managers, e.g. energy awareness training, publishing initiatives, targets and results

*Stakeholders:* primary stakeholders; secondary stakeholders; key stakeholders; owners, e.g. proprietors, partners, shareholders; government (international, national, regional, local); employees; internal and external customers; suppliers; community organisations; pressure groups, e.g. Friends of the Earth, Consumers' Association; trades unions; investors, e.g. banks, venture capital providers, debenture holders; importance of stakeholders; roles; responsibilities; interests; concerns; influence of stakeholders on organisations

*Environmental legislation:* EU legislation; UK legislation; environmental protection (air, environmental permitting, land, waste, water, chemicals); noise and nuisance; climate change; energy conservation (the most up-to-date legislation covering these issues must be used); *Environmental standards:* ISO14001; Eco-Management Audit System (EMAS), Energy Efficiency Scheme; integration of standards with wider management systems

*Management:* focus of mission statements; objectives linked to sustainability and social responsibility; implementing sustainability policies and procedures; embedding sustainability across all organisational functions; measuring progress towards sustainability goals; presenting information and progress to stakeholders; defining responsibility and accountable

### 2 Understand the impact of corporate social responsibility and sustainability strategy on business performance

*Impact of shareholders interest:* primary stakeholders will be interested in the organisation performance, their work activities, conduct and reputation; secondary stakeholders can indirectly affect the organisation by preventing the organisation from succeeding or by supporting the organisation's efforts; corporate actions made only be in the interests of some stakeholders; pressure from different stakeholders that forces organisation to take action; corporate social responsibility and sustainability strategy are positively accepted when they are in the interests of stakeholders; there may be a conflicts of interest between stakeholder groups, e.g. shareholders versus environmentalists

Development of new products\service: integrate sustainability into all aspects of the product development cycle; production, e.g. reduction in the energy and water used, raw materials, reduce waste products, less packaging, marketing activities; purchasing, e.g. rating for equipment, suppliers, with similar sustainability and social responsibility policies, repair and reuse equipment

Business performance: sustainability can be driver for innovation, growth; impact on financial performance, e.g. shareholder value, revenue, market share; impact on non-financial performance such as saving energy, reducing waste; employee and customer satisfaction; companies not involved in corporate social responsibility and sustainability activities may be unattractive to customers, employees, suppliers and other stakeholders; the cost of allocating resources to incorporate and report on corporate social responsibility and sustainability activities; costs incurred for promoting and providing information to stakeholders; customer perceptions will impact on sale, revenue, profits; competitive advantages of being seen as a corporate social responsibility organisation; the approaches to measure the impact on performance

### 3 **Understand the strategic requirement for corporate social responsibility and sustainability**

*Strategy:* strategy will show the commitment made to corporate social responsibility and sustainability; summaries the actions to be taken towards operating in a socially responsible manner; identifies whether operations are ethical; identifies, positive behaviour towards the community and environment; positive impact of corporate social responsibility and sustainability, e.g. performance, image, may attract more investors, fall in overheads, stakeholders perception; improved image will attract more customers and sales that impact on profits; critics of corporate social responsibility and sustainability; customers will react more to negative corporate social responsibility efforts; if marketing is seen as false the organisation may lose loyalty, trust; the ability to measure the impact of non-financial activities

*Social impact on society:* business decisions influence employees, customers, suppliers and competitors; operations that affect communities, destroy lives, destroys a way of life; implementation of social goals; labour practices, e.g. child labour; impact on human rights and labour relations; fair wages and working conditions; equality and diversity policies and procedures; negative impact on society, e.g. accounting fraud, breaking regulatory or legal constraints, false advertising, discriminating activities

*Environmental impact on society:* pollution; climate change; responsible managing of waste and recycling; biodiversity; using sustainable resources; reducing carbon footprint; improving work activities and production processes; methods of reducing impact on the environment and the use of natural resources

*Impact of issues:* legal compliance and statutory duties; loss of reputation, poor publicity; types of damage; methods for minimising impact of damage; corrective actions; monitoring impact of activities; identifying improvements

#### 4 Understand ethical approaches to leadership and management

*Ethical issues:* corporate governance; corporate social responsibility; sustainability; human rights and discrimination; corruption; trading fairly; legal and regulatory compliance; business practices; production, e.g. animal testing, genetically modified foodstuffs, planned obsolescence; sales and marketing, e.g. spamming, product placement, green washing; finance, e.g. bribery, executive pay, insider trading, lobbying

*Business approaches:* adapting business behaviour; implementing codes of ethics; responding to ethical pressures; implementing ethical practices; influence of stakeholders and pressure groups; ethics embedded in business models, organisational strategy and decision making processes; utilising staff with appropriate skills to scrutinise performance and strategies; appropriateness of the adopted approach

*Impact of ethical approach on a business:* benefits from demonstrating high ethical standards; reputation, ethical policies can add value to brands and corporate reputation; public image; ethical trade; value added; impact on competitiveness; complying with relevant legislation and codes of practice, e.g. UK law, EU law; UN Declaration on Human Rights

*Impact of corporate social responsibility and sustainability on leadership and management:* senior managers and leaders must demonstrate total support for corporate social responsibility and sustainability processes; commitment to corporate social responsibility and sustainability; corporate social responsibility and sustainability incorporated and defined in mission statement and objectives; need to produce and implement new policies and procedures; analysing operations to ensure they satisfy social responsibility and sustainability policies; implementing staff training and awareness; implementing procedures that measure the impact of corporate social responsibility and sustainability processes

## Essential guidance for tutors

### Delivery

For this unit, tuition for the learning outcomes lends itself to flexible delivery. Tutors have the opportunity to use as wide a range of teaching and learning strategies as possible, including lectures, discussions, seminar presentations, case studies, video clips, internet research and library resources.

Tutors can illustrate points with reference to examples of businesses that demonstrate best practice in respect of corporate social responsibility and sustainability. Many learners will use self-directed study together with the expertise and skills they may have developed in a career and be able to reflect on their experience of corporate social responsibility and sustainability.

Learners may have some knowledge and experience of managing corporate social responsibility and sustainability activities and they should be encouraged to share their experiences with their peers. Other learners may be familiar with corporate social responsibility and sustainability activities through various forms of media that they can discuss with their peers. Current media articles or case studies on corporate social responsibility and sustainability activities could also be used to support learners in understanding how corporate social responsibility and sustainability activities can impact on corporate reputation and image.

To introduce the unit and for learning outcome 1, learners could analyse a case study and research organisations websites for corporate social responsibility activities, and present their findings to the whole class, which could then open up into a class discussion or debate on what corporate social responsibility means. The tutor could provide an overview of regulation and legislation that impact on a business. For learning outcome 2, the tutor could introduce a range of stakeholders and learners could work in groups and analyse stakeholder interest their impact on a business's corporate social responsibility and into new product design.

For learning outcome 3, learners could research and evaluate a range of organisations corporate social responsibility strategies against the impact on society and its environment. Learners could work in groups and discuss the advantages and disadvantages of implementing a strategy for corporate social responsibility and sustainability. For learning outcome 4, the tutor could introduce the topic of managing ethical issues and the impact of corporate social responsibility and sustainability on leadership and management, this could lead into group discussion and then taken further into a whole class discussion.

### Assessment

Centres will devise and mark the assessment for this unit. Learners must meet all assessment criteria to pass the unit.

A range of assessment instruments can be used such as (but not confined to) reports, proposals, plans, presentations, question and answer, case studies, exercises, simulations, All assessment methods are acceptable provided the assessment enables the learner to produce relevant evidence that can be judged against the assessment criteria.

For AC1.1 and AC1.3 learners could analyse a case study and research organisations websites for corporate social responsibility activities, and present their findings to the whole class, which could then open up into a class discussion or debate on what corporate social responsibility means. For AC1.4, the tutor could provide an overview of regulation and legislation that impact on a business, which could be followed up by the learner producing a report based on a case study, where the learner explains the main legal and regulatory requirements that relate to the scenario and how they would manage sustainability.

For AC2.1, learners could work in groups and identify a range of stakeholders and analyse their different interests and examine the impact that different groups of stakeholders will have on corporate social responsibility and sustainability and present their findings to the whole class, followed by a whole class discussion. For AC2.2 learners can present ways in which corporate social responsibility and sustainability requirements can be incorporated into the development of new products or services, and using empirical evidence for AC2.3, produce a report on how corporate social responsibility affects business performance.

For AC3.1 using case studies or problem scenarios, learners can produce written work exploring and debating the need for businesses to develop a corporate social responsibility and sustainability strategy, and incorporate AC3.2 and AC3.3 by evaluating the social and environmental impacts that business activities have on society.

For AC4.1; AC4.2 and AC4.3 learners can research a range of businesses and their approach to the strategic management of ethical issues and how this can drive the role of ethical leadership and management, the learner could then, using empirical evidence to support their supposition, give a presentation to the whole class and debate the impact of corporate social responsibility and sustainability on leadership and management.

Assessment can be for individual learning outcomes or for groups of learning outcomes within a unit and can be combined with the assessment of outcomes and criteria from other units. The latter would require an assessment map to identify where outcomes and criteria are assessed.

Evidence of Recognition of Prior Learning (RPL) can be used in the unit to confirm competence. Wherever possible, the learning outcomes in this unit should be assessed holistically across the qualification.

## **Indicative resource materials**

### **Books**

Crane A and Matten D – *Business Ethics*, (Oxford University Press, 2003)  
ISBN 9780199255153

Dresner S – *The Principles of Sustainability*, (Routledge, 2008)  
ISBN 9781844074969

Epstein M – *Making Sustainability Work: Best Practices in Managing and Measuring Corporate Social, Environmental and Economic Impacts*, (Greenleaf Publishing, 2008) ISBN 9781906093051

Fisher C and Lovell A – *Business Ethics and Values: Individual, Corporate and International Perspectives*, (Financial Times/Prentice Hall, 2008)  
ISBN 9780273716167

Webley S – *Developing a Code of Business Ethics: A Guide to Best Practice*, (Institute of Business Ethics, 2003) ISBN 9780953951741

## **Journals**

*Ethical Consumer* (Ethical Consumer Research Association Publishing Ltd)

*Journal of Environmental Management* (Elsevier)

## **Websites**

[www.business-ethics.com](http://www.business-ethics.com) – the Business Ethics magazine of Corporate Responsibility

[www.ibe.org.uk](http://www.ibe.org.uk) – the Institute of Business Ethics, providing relevant case studies and information

[www.iso.org/iso/iso14000](http://www.iso.org/iso/iso14000) - the International Standards Organisation (ISO) – publishes environmental standards

[www.iema.net/](http://www.iema.net/) - the professional membership body for the Institute of Environmental Management and Assessment

[www.environment-agency.gov.uk](http://www.environment-agency.gov.uk) – the UK Environment Agency – management toolkits for different sectors