

THE JEF STATE OF THE INDUSTRY 2008: CORPORATE SOCIAL RESPONSIBILITY



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BUSINESS OF BUSINESS...

- ò Is Business
 - É Making widgets
 - É Selling widgets
 - É Providing services
- ò Making a profit
- ò Often at this time companies become aware of corporate citizenship
 - É Good governance,
 - É Paying taxes
 - É Engaging community and society

CORPORATE SOCIAL RESPONSIBILITY

ò Defined as:

- É “Decision making linked to ethical values, compliance with legal principles and respect for people, community and environment” (BSR)
- É “How businesses relate to and impact upon a society's needs and goals” (UNCTAD)
- É Commitment of businesses to commit to sustainable economic development, working with staff, families, community and society at large to improve quality of life (WBCSD)
- É Social and environmental concerns integrated in business operations voluntarily (EU)

THE SURVEY - METHODOLOGY

- ò An invitation to complete the survey was sent to a random sample of Jamaica Employers Federation (JEF) members and clients(340)
- ò administered July to September 2007
- ò Follow-up activities by email and telephone.
- ò Rural businesses were over-sampled

THE SURVEY - METHODOLOGY

- ò 151 respondents completed surveys. This response rate was just under 50 percent.
- ò The sample yields a margin of error for results of +/- 8 percent.
- ò Within companies, the following individuals completed the survey: owners/directors/chief executives (approximately 54 percent), senior managers (23 percent), and administrators /human resource officers (18 percent). Five percent of the sample did not provide their positions.

RESPONDENTS

ò Ownership

- É Most (70.7%) of the companies in the sample are privately held companies,
- É 10% reported that they are publicly traded, or a subsidiary of a publicly traded company,
- É 9.5% reported that they were a branch of a multinational operating in Jamaica,
- É and 7.8% indicated that they were Caribbean companies operating in Jamaica.
- É Two respondents are government entities.

RESPONDENTS

- ò 70% in business for over 10 years.
- ò 46.5 % of the sample had between 6 and 50 employees. Large companies (over 250 employees) accounted for 22.4% of the respondents.
- ò Revenue -Just under 10% of the sample reported revenues over J\$500 Million. One quarter of the sample reported revenues of J\$20 Million or less.

RESPONDENTS

ò Sectors/Activities

- É Just under thirteen percent reported that they were in sales,
- É 18.1% indicated they were in manufacturing (and some then sell the products).
- É The vast majority of companies, 43.1% report the provision of services as the dominant activity.
- É The other categories covered trading, construction, transport, and technology.

REFINING CSR

- ò The company giving back to customers, communities and the nation
- ò Contributing to Jamaica Development
- ò Working with the community or giving to the community in which they operate
- ò Working for improvement in the education system and assisting individuals furthering their education
- ò Being a good corporate citizen

REFINING CSR

- ò Being good to workers and taking care of them properly
- ò Protecting and preserving the environment
- ò Being good to customers, giving them the quality service they deserve
- ò Making philanthropic contributions to qualified groups.

ATTITUDES TO CSR

Table 2: Attitudes to CSR

Statement	percents					
	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	NA
Corporate Social Responsibility needs to be a priority for companies	6.0	0.9	11.2	44.0	37.1	0.9
The public has a right to expect good CSR from companies?	6.9	8.6	19.0	34.5	29.3	1.8
CSR makes a tangible contribution to business' bottom line	6.0	5.2	14.7	42.2	26.7	5.1
CSR should be completely voluntary - no laws and regulations should govern it	5.2	14.7	9.5	31.0	35.3	4.2
Many companies do a great deal more for their communities than is talked about, or known	0.9	6.0	9.5	42.2	38.8	2.8
Many companies promote CSR but are not truly committed to it	1.7	7.8	26.7	44.8	13.8	5.1

IMPORTANCE OF CSR

Table 3: Importance of CSR to business model

Statement	Do not Consider (%)	Limited consider (%)	Somewhat consider (%)	Important aspect (%)	Critical to business model (%)	NA
Operating with ethical business practices	-	0.9	-	20.7	78.4	-
Ensuring employee health and safety	0.9	0.9	-	18.1	79.3	0.9
Managing and reporting company finances accurately	-	0.9	-	23.3	75.0	0.9
Managing long term profits for owners/ shareholders	4.3	0.9	1.7	21.6	62.6	8.8
Providing jobs	4.3	6.9	9.5	42.2	35.3	1.7
Providing employee benefits	0.9	3.4	7.8	40.5	47.4	-
Protecting consumers	0.9	0.9	4.3	32.8	55.2	6.0
Improving conditions in your community	4.3	4.3	16.4	34.5	38.8	1.7
Protecting the environment	2.6	1.7	11.2	35.3	46.6	2.6
Working with suppliers and vendors to ensure they operate ethically	0.9	2.6	7.0	36.5	44.3	8.7
Building employee diversity	5.2	12.2	14.8	28.7	33.0	6.1
Supporting employee volunteerism	7.8	7.8	21.6	36.2	25.0	1.7
Responding to community/interest groups regarding issues they care about	3.4	5.2	20.7	42.2	21.6	6.9
Contributing to government revenues	2.6	1.7	8.6	25.9	53.4	7.8
Giving donations to worthy causes		2.6	16.4	40.5	36.2	1.7

HOW IMPLEMENT CSR - GIVING

- ò 50% support Education
- ò 40 % Health Education, 30% hospitals and health centers, 25% HIV/AIDS
- ò 81% community initiatives
- ò 20% support policy development
- ò 40% child and human rights issues
- ò 28% culture and the arts
- ò 53% disaster relief

HOW IMPLEMENT CSR - STAFF AND ENVIRONMENT

- ò 75% support staff training
- ò 70% health benefits
- ò 61% focus on product safety as impt. aspect of CSR (inc to 100% manufacturing companies)
- ò Two in five - preservation and cleaning of the environment
- ò 35% manage environment practices
- ò Less than 20% consider greenhouse gas emissions

HOW IMPLEMENT CSR - EMPLOYMENT AND LABOUR PRACTICES

Table 4: Employment and Labour Practices

Statement	Yes	No	NA	miss
Non discrimination in employment	89.7	6.9	2.6	0.9
Equal opportunity for employment and advancement	94.0	3.4	2.6	-
Respecting all human rights in the workplace	97.4	0.9	0.9	0.9
Collective bargaining	34.5	52.6	8.6	4.3
Child labour	2.6	91.4	4.3	1.7
Forced labour	4.3	88.8	5.2	0.9
Ensuring staff Health and safety	94.8	3.4	0.9	0.9
Providing opportunities for staff training	91.3	7.0	0.9	0.9
Providing adequate working conditions	90.5	3.4	2.6	3.5
Striving for employee satisfaction	90.5	6.0	0.9	2.6

HOW IMPLEMENT CSR - DIFFERENCES BY FIRM CHARACTERISTICS

- Large companies were twice as likely to report using collective bargaining mechanisms that small and medium sized ones
- Larger companies were marginally more likely to offer staff training opportunities
- Companies with 5 or less employees were half as likely to report prioritizing 'providing adequate working conditions' than all other companies

HOW IMPLEMENT CSR - DIFFERENCES BY FIRM CHARACTERISTICS

Small companies were three times more likely to report investing less time, money and effort to CSR activities while medium sized companies (between 101 - 250 employees) all reported the same or increased time and a lot more money being spent

HOW IMPLEMENT CSR - DIFFERENCES BY FIRM CHARACTERISTICS

- Medium sized and large companies were twice as likely to have a formal/documented code of conduct over very small (<5) companies
- Large companies tended to have annual report (88%) while small (29%) and medium sized (69%) were less likely to have a published annual report

HOW IMPLEMENT CSR - DIFFERENCES BY FIRM CHARACTERISTICS

- **Twenty eight percent of large companies have a separate CSR unit, while less than 1% of small companies have a dedicated unit**

CHANGES IN PAST TWO YEARS

Table 5: Changes in past two years on CSR practices

	Less	Same	More	N/A
Staff practices	8.7	39.7	46.6	5.2
Philanthropy	8.6	42.2	43.9	5.1
Volunteering	10.4	41.4	41.3	6.8
Community/nation building	11.2	34.5	49.2	5.1

REPORTING ON CSR

Table 6: CSR reporting mechanisms

Statement	Yes	No	N/A
Reformed company accounting system	55.2	37.9	7.0
Defined business strategy to align with societal needs	53.4	42.2	4.3
Established volunteer system	27.6	69.8	2.6
Established system to monitor ethical problems	44.8	51.7	3.4
Positive media coverage for your company's CSR efforts	38.8	57.8	3.4
Received award or recognition for your company's CSR efforts	39.7	56.9	3.4
Increased employee satisfaction due to your company's CSR efforts	56.9	34.6	8.7
Increased customer satisfaction due to your company's CSR efforts	60.9	30.4	8.7
Incurred fines or penalties for violation of environment regulations	1.7	95.7	2.6
Incurred lawsuits from employees for harassment	-	98.3	1.7
Incurred lawsuit from suppliers	3.4	94.0	2.6

CSR INSTRUMENTS

Table 7: Presence of CSR instruments

Does the organization have the following?	Yes
• Code of conduct	87.1
• Code of ethics	78.4
• Annual report	68.7
• In Annual Report, a Section on Corporate Governance	35.3
• In Annual Report, a Section on Corporate Social Responsibility	25.0
• Codified structure for CR activities (list below)	12.2
• Separate unit for CSR	10.4
• report on its social responsibility <u>behaviours</u>	25.9

OUTLOOK FOR CSR IN JAMAICA

- ò 31% indicated that they wanted to do more CSR activities and do it better
- ò 60% said they would continue about the same
- ò Because
 - É business doing better and wanted to do more (30%)
 - É Staff and customer pressure (5%)
 - É Community demands (25%)
 - É Support Industry association initiatives (30%)

OBSERVATIONS

- ò Wide definition of CSR – covering the full range as international definitions
- ò No one blueprint - variation in operationalization of CSR depending on firm characteristics
- ò Drivers - community demand, belief in work of NGO, requests, staff, need
- ò Barriers include lack of knowledge of good areas to support, legal incentives, attitudes to govt and NGO accountably