



The two approaches of corporate social responsibility

Nowadays, Corporate Social Responsibility (CSR) is a mega trend that is changing the business world modus operandi, since it is acquiring considerable importance amount stakeholders. Companies should consider CSR as part of their strategic planning, mainly taking two approaches.

Differences between Responsive and Strategic CSR	
Responsive CSR	Strategic CSR
The company becomes a good citizen, reducing the harm to society produced by its value chain activities.	The company takes the opportunity of the social dimension in a competitive context; in addition, the corporation uses its main competitive advantages to improve society and to improve its own competitive context.
It focuses on generic social impacts, such as environmental issues and educational programs not directly related to the company core business, e.g. the GE educational program in high schools benefits the community but it is not directly related to GE's business and it has a little impact on the company's competitive advantage.	There a few initiatives but not only the social but also the business benefits are substantial and distinctive due to the direct linkage between the company's core business and social benefits, e.g. the Microsoft IT professional development program helps communities and students to improve their education and curriculum, while it assures the supply of IT professionals in the future.
The company identifies the best practices, follows them and tries to keep them updated; generally these practices are industry standards or standardized sets of social and environmental risks, such as the Global Reporting Initiative. In general, these practices represent an operational management challenge.	The companies create a specific strategy that goes beyond best practices; they construct a unique position performing distinct actions from competitors in order to be differentiated, gain advantage and consumer's preference; then, they serve to a set of customer needs and reduce their costs.
By Being responsive companies try to avoid any future external pressure caused by irresponsible activities. Therefore, all these CSR activities merely represent temporary advantages, as time goes by, the companies will need to adjust their practices to new general standards. Most of the times, the enterprises' practices do not have any major innovation or differentiation from its competitors.	Companies invest in social aspects that strengthen the company competitiveness in the short and long run; therefore, the CSR practices used to address social needs are difficult to differentiate from the daily operations of the company. The companies create pioneer innovations that not only benefit business but also society; for instance the hybrid car of Toyota positioned them as industry leaders and it also improves the environment.

One example of strategic CSR is Anglo American, a mining company that developed one of the most advanced approaches to deal with social impact, they called it "socio-economic assessment toolbox"; using this approach they identify the local stakeholders, the degree in which the projects affect them and they create plans to improve trust and outcomes. This company is a pioneer in the creation of the program and it is using it as a competitive advantage, since they are invited by others in order to share their CSR approach; at the same time, their program brought up important economic benefits such as "reduced absenteeism of and longer lives for their skilled workers" (The economist, 2008); thus, the company is recovering the investment it did on the HIV research. Another example of strategic CSR is TNT, a logistic company; nowadays, they are running two programs "moving the world" and "Planet me"; in these programs the company uses its core competency to benefit society making some alliances with the UN in order to move food and act in emergencies; these activities placed the company in the top Dow Jones sustainability index; in addition, the company is cutting its green gas emissions as well as its costs in 20%, which allows them to offer cheaper services to their clients and to keep their unique position doing things differently.

One example of responsive CSR is Mattel, it had to recall 9 million of toys manufactured in China that represented a risk for American families; the Chinese toys did not meet the USA safety standards and some children were injured by swallowing the small parts; Mattel had to observe the Consumer Product and Safety Commission standards and the recall was done to avoid future external pressures and to mitigate the harm to consumers. Other example is GlaxoSmithKline, who decided to provide drugs for HIV treatment with non profit objectives; this corporation adopted this measure after being blamed for skipping over the needs of dying Africans; the organization decision will help to diminish the critics and be recognized as a "good practices company"; however, this program does not improve the company's core business or value.