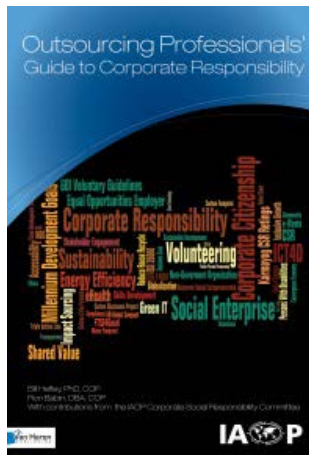# C–S–R You Ready?

An IAOP Webinar

June 20, 2014

- Attendee microphones will be muted to diminish background noise

- Please send your questions via the Meeting Chat, and they will be addressed at the end of the presentation in the Q&A session, as time allows

- All submitted questions will be answered in writing and sent to all attendees after the presentation

- A copy of the slide deck in PDF format will be sent to all attendees after the presentation

- Information about how to access the "Outsourcing Professionals' Guide to Corporate Responsibility" will be sent to all attendees

- The presentation will be recorded, and the link for the recorded session sent to all attendees following the presentation

Following up on the publication of ***The Outsourcing Professionals' Guide to Corporate Responsibility***, by Van Haren Publishing, this complimentary webinar from IAOP will be led by CEO, Debi Hamill.

Hefley, B., & Babin, R. (2013). *Outsourcing Professional's Guide to Corporate Responsibility.* Zaltbommel, NL: Van Haren Publishing.

Ron Babin, DBA, COP

Associate Professor,
Ted Rogers School of Information Technology
Management , Ryerson University

Bill Hefley, PhD, COP

Clinical Associate Professor,
Katz Graduate School of Business, University
of Pittsburgh &
Director, ITSqc, LLC

Agenda

- What is Corporate Social Responsibility and how do the trends in CSR impact outsourcing businesses?
- How has socially responsible outsourcing grown?
- How does IAOP take a leadership role in CSR in outsourcing?
- What are the best practices that outsourcing providers and customers are practicing in CSR?
- How can you and your company implement CR and drive value?

ISO 26000 - Social Responsibility

- The **responsibility** of an organization **for the impacts of its decisions and activities on society and the environment**, through **transparent and ethical behavior** that
  - contributes to sustainable development, including health and the welfare of society;
  - takes into account the expectations of stakeholders;
  - is in compliance with applicable law and consistent with international norms of behavior; and
  - is integrated throughout the organization and practiced in its relationships.

  - Note 1 Activities include products, services and processes
  - Note 2 Relationships refer to an organization's activities within its sphere of influence.

Social Responsibility issues
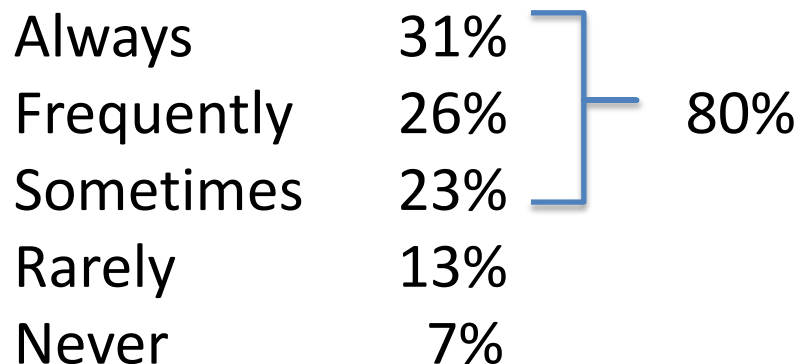(addressed by ISO 26000:2010)

Environment

Labor Practices

Fair Operating Practices

SR

Human Rights

Consumer Issues

Organizational Governance

Community Involvement and Development

ISO 26000 View on CSR and Sourcing

- "An organization should consider the potential impacts or unintended consequences of its procurement and purchasing decisions on other organizations, and take due care to avoid or minimize any negative impacts. It can also stimulate demand for socially responsible products and services."

- "Each organization in the value chain is responsible for complying with applicable laws and regulations and for its impacts on society and the environment."

- "Each organization should promote fair and practical treatment of the costs and benefits of implementing socially responsible practices throughout the value chain, including, where possible, enhancing the capacity of organizations in the value chain to meet socially responsible objectives."

Does CSR matter in Sourcing?

In a poll of approximately 700 professionals at the IAOP 2011 *Outsourcing World Summit*, outsourcing professionals responded to this question:
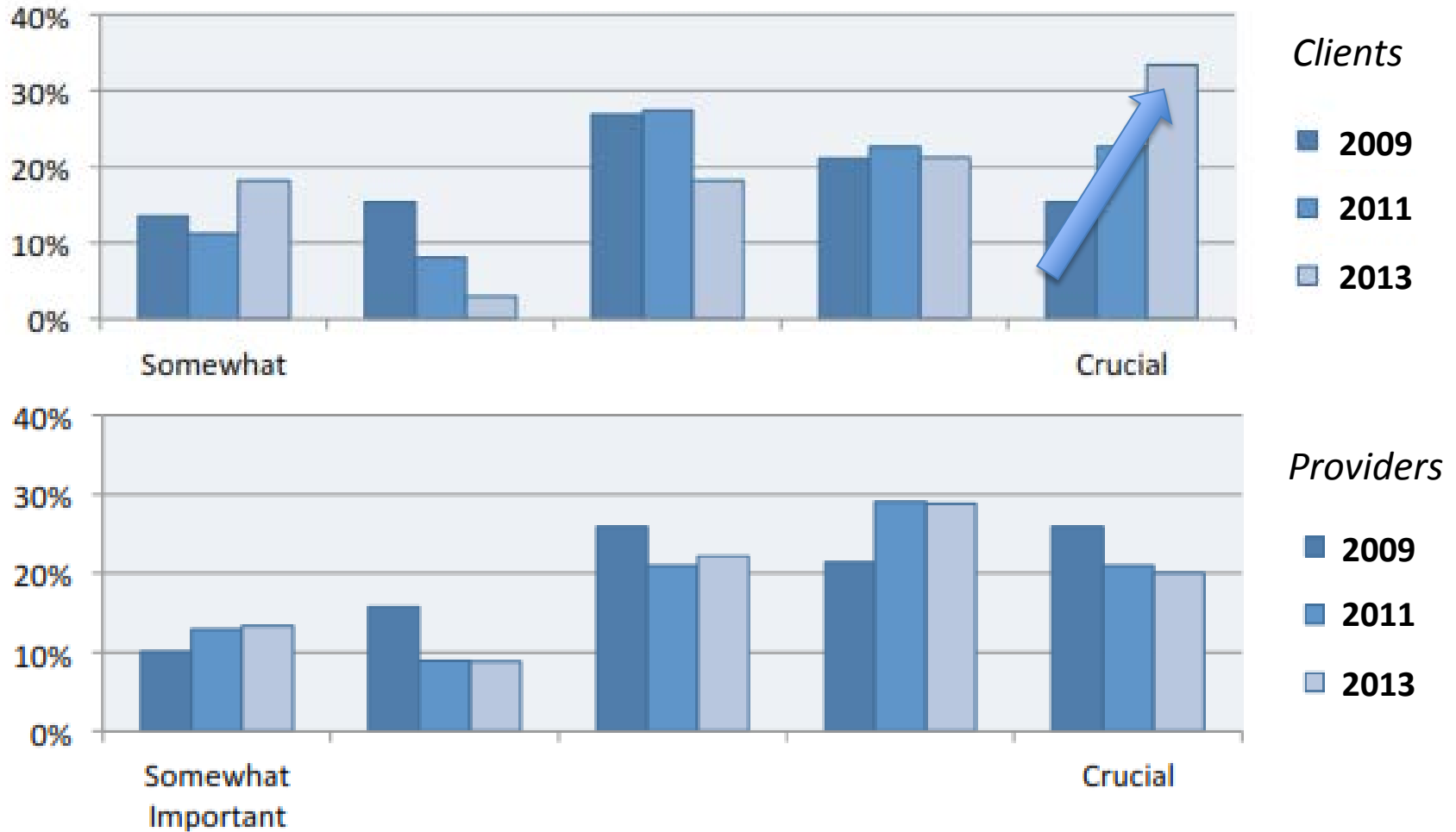
Is CSR a factor in your outsourcing decisions?

Always	31%	
Frequently	26%	80%
Sometimes	23%	
Rarely	13%	
Never	7%	

Agenda

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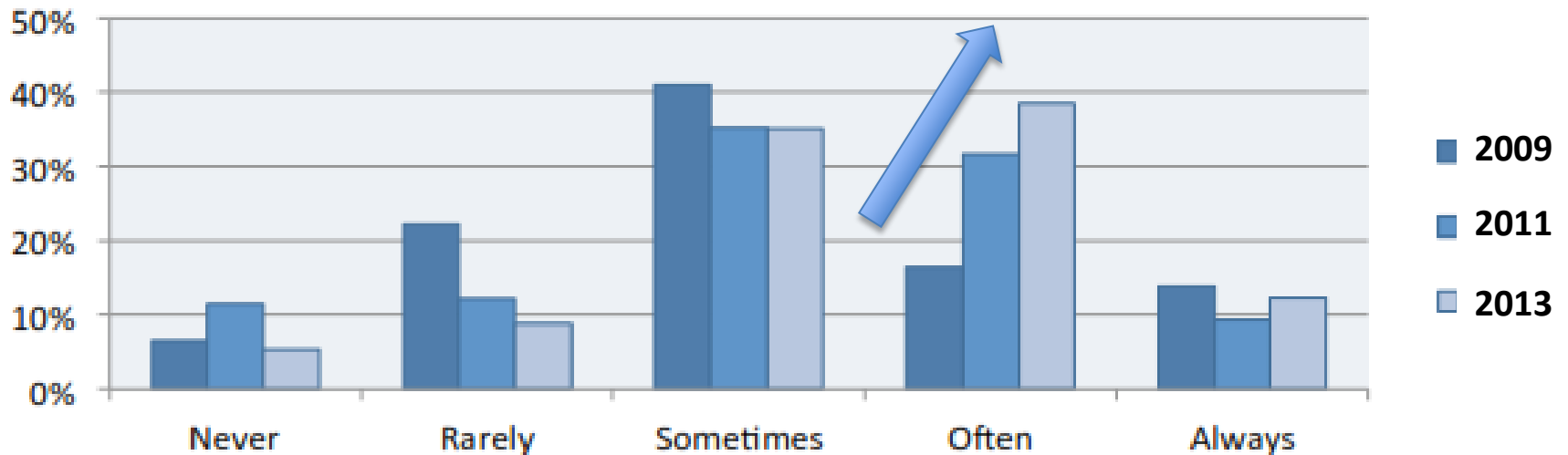- How can you and your company implement CR and drive value?

IAOP CSR Survey 2011 Results

- In 2009, ~71% told us that CSR was important, 2011 results show this remains true, as importance remains at 70%.

  - Although fewer respondents view CSR as much more important, this reflects a maturation of the outsourcing industry's acceptance of CSR.

  - A significant growth from 8% (2009) to 23% (2011) of buyers who always consider provider CSR capability when making an outsourcing decision

- Slightly greater concerns about resistance to globalization/ protectionism, global political instability, and climate change

- Strong growth in Socially Responsible Outsourcing (SRO), including Impact Sourcing, from 58% (2009) to 74% (2011)

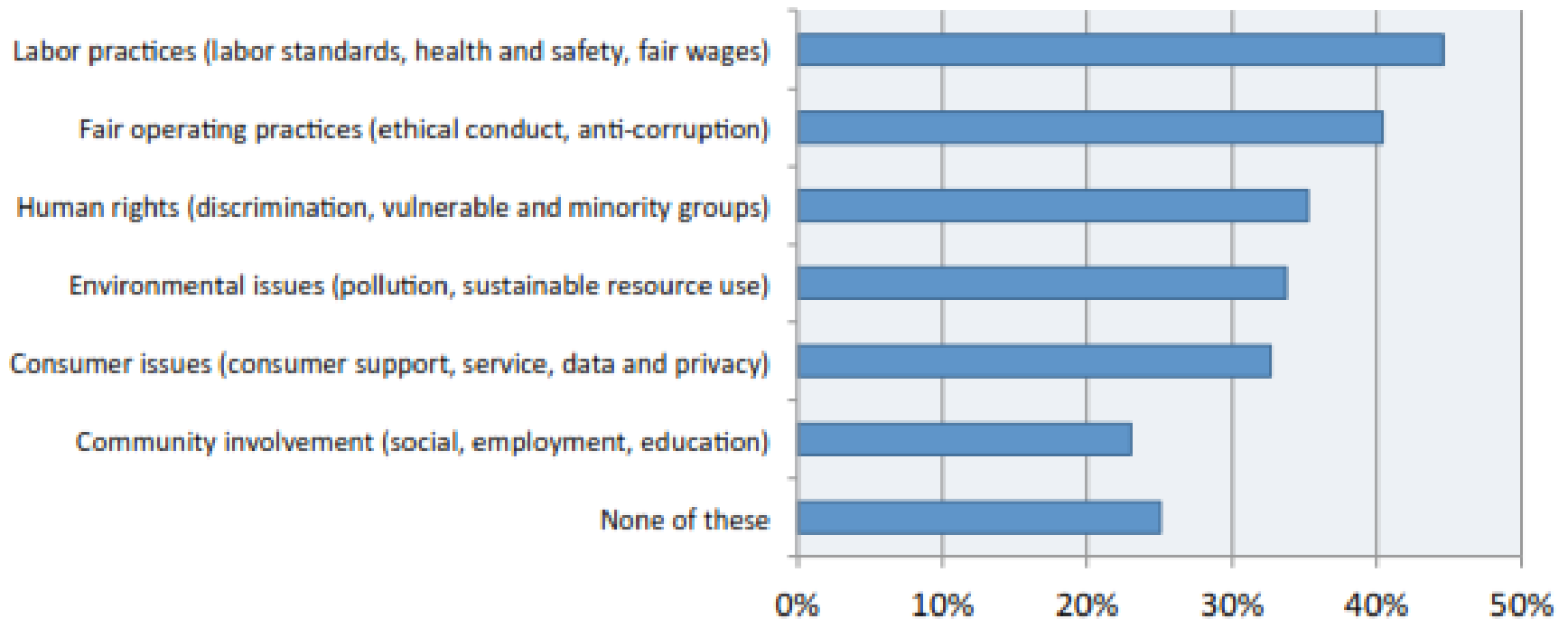- Organizations feel that their stakeholders expect CSR, so providers will see this reflected in outsourcing deals

www.IAOP.org

Importance of CSR as a component of business strategy

IAOP CSR Surveys, 2009-13

How often clients give preference to outsourcing providers who have demonstrated CSR capability

Issues considered by clients in evaluating the CSR capabilities of outsourcing providers

IAOP CSR Surveys, 2009-13

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IAOP CSR Committee

- Identifying and promoting discussion among IAOP members on critical social, economic and environmental issues

- Examining CSR policies and practices for outsourcing embraced by IAOP members and the industry as a whole

- Helping IAOP address CSR through training programs and standards development such as:
    - The Certified Outsourcing Professional® (COP) program
    - IAOP chapter informational meetings and seminars
    - The annual Outsourcing World Summit®
    - Outsourcing Hall of Fame induction for industry leaders who contribute to business and society
    - The Code of Ethics and Business Practices Standards for outsourcing professionals (in the OPBOK)
    - *Outsourcing Professionals Guide to CSR*
    - ISG/IAOP Global Outsourcing Social Responsibility Impact Award (GOSRIA)

The *Outsourcing Professionals' Guide to Corporate Responsibility* was a project of the IAOP Corporate Social Responsibility (CSR) Committee

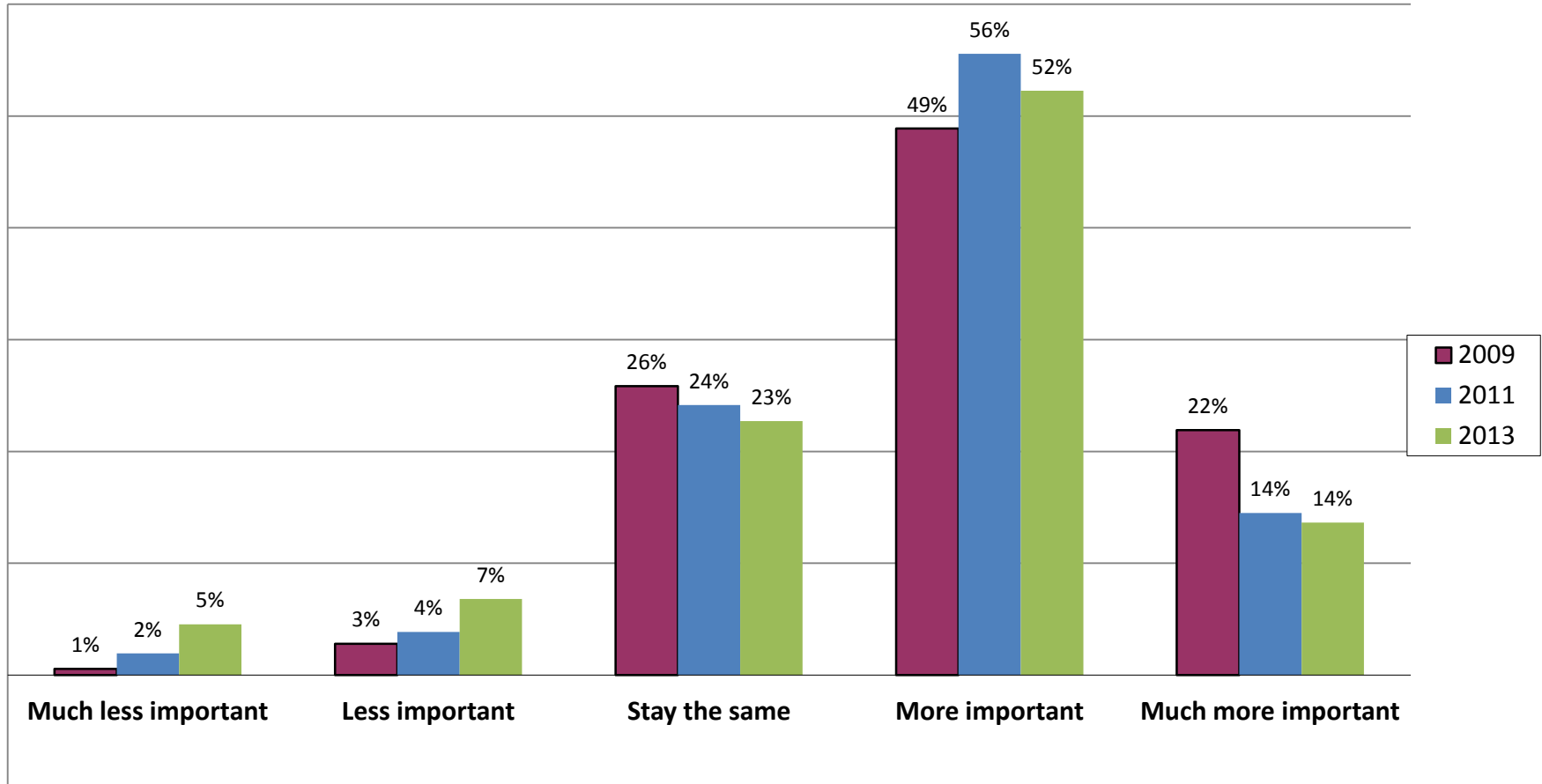# Global Outsourcing Social Responsibility Impact Award (GOSRIA)

▶ Established by **IAOP** and **ISG** to recognize service provider excellence in Corporate Social Responsibility (CSR) activities.

▶ Acknowledges achievements, exemplary leadership and ongoing commitment of an outsourcing service provider to activities that foster community, workplace training, communication, environment and giving.

▶ Winners of the first two annual awards were Accenture & CBRE

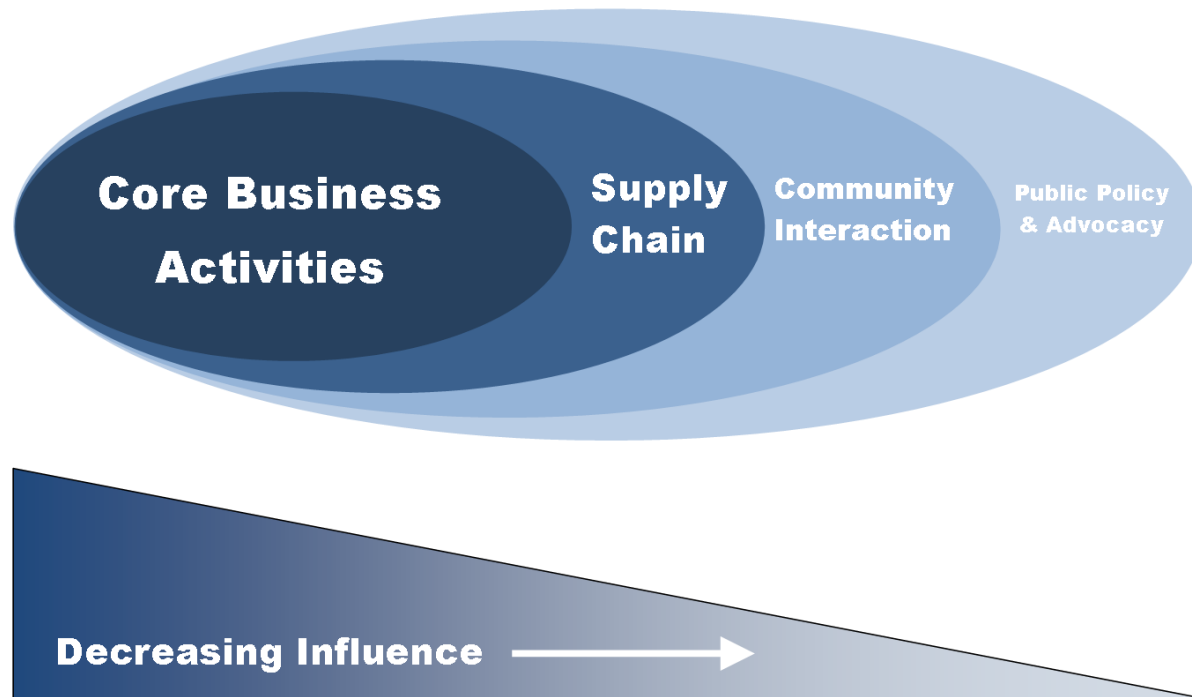▶ Next award to be presented at The 2015 IAOP Outsourcing World Summit

Agenda

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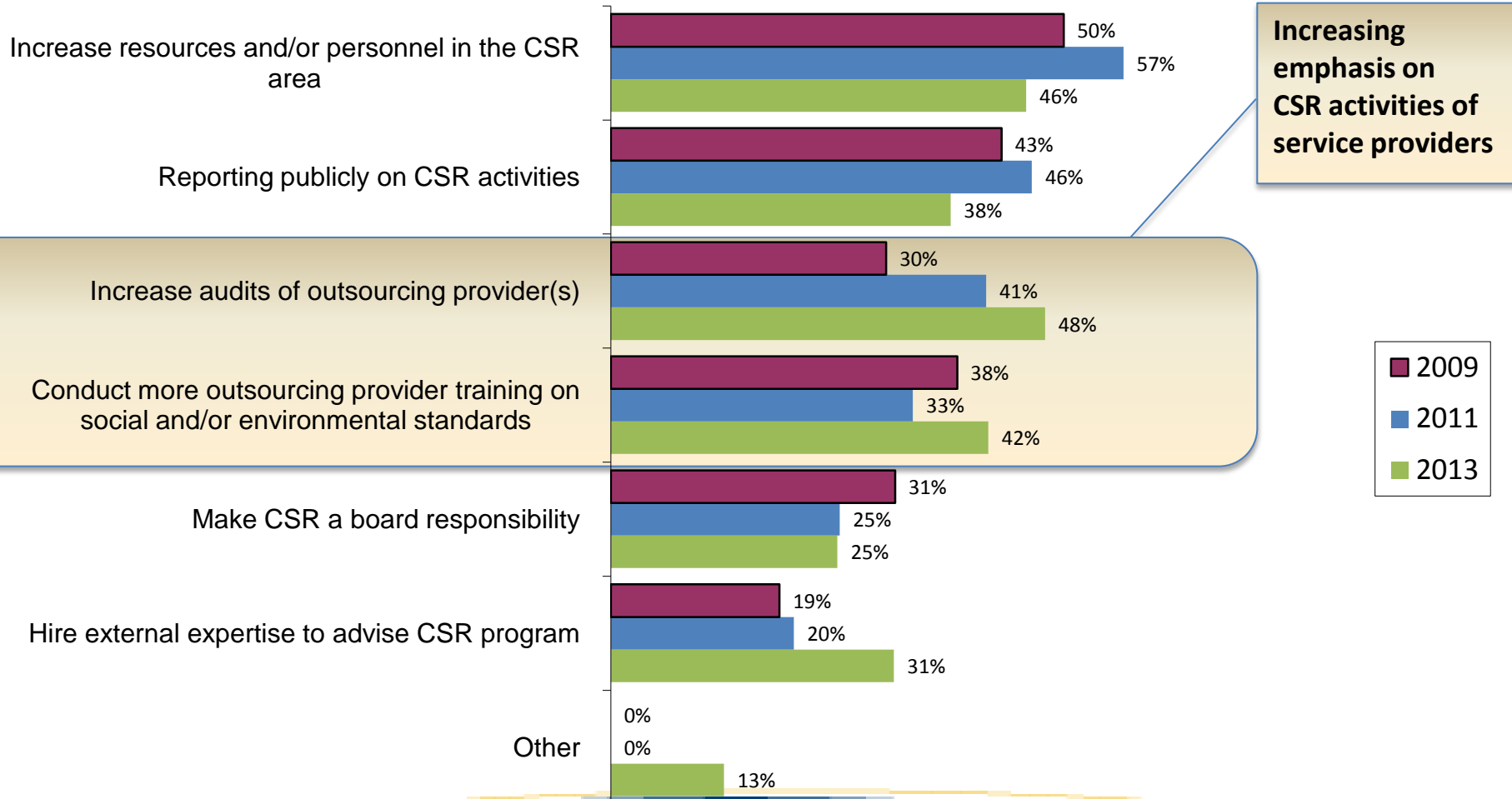# Future expectations of the importance of corporate social responsibility

Where can my organization have an impact?
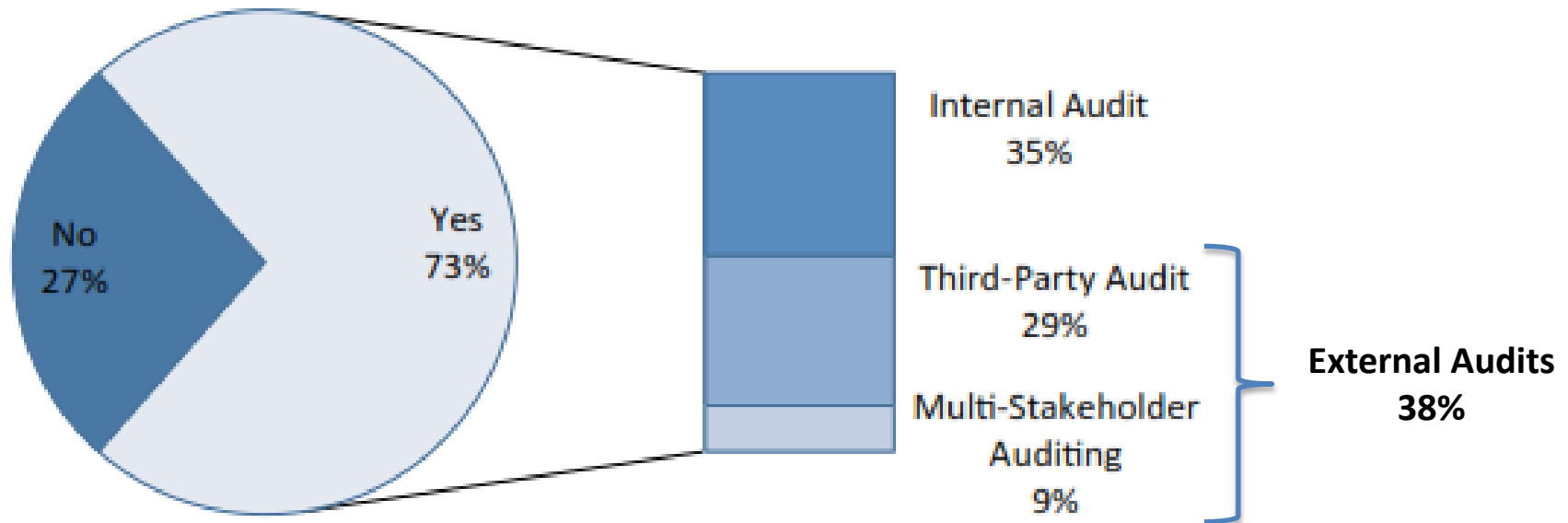## (Figure 8 from the Guide)

Spheres of Influence
(from the UN Global Compact)

Methods planned to increase CSR commitment

Increase resources and/or personnel in the CSR area
- 50%
- 57%
- 46%

Reporting publicly on CSR activities
- 43%
- 46%
- 38%

Increasing emphasis on CSR activities of service providers

Increase audits of outsourcing provider(s)
- 30%
- 41%
- 48%

Conduct more outsourcing provider training on social and/or environmental standards
- 38%
- 33%
- 42%

Make CSR a board responsibility
- 31%
- 25%
- 25%

Hire external expertise to advise CSR program
- 19%
- 20%
- 31%

Other
- 0%
- 0%
- 13%

Legend:
- 2009
- 2011
- 2013

Almost three quarters of client organizations are auditing suppliers for assuring providers' CSR activities

No 27%

Yes 73%

Internal Audit 35%

Third-Party Audit 29%

Multi-Stakeholder Auditing 9%

External Audits 38%

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Guidance for implementing CSR and driving value

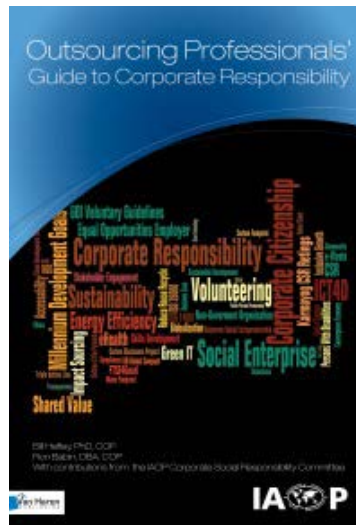(Outsourcing Professionals' Guide to Corporate Responsibility)

Chapter 6 – Implementing CSR in the Organization
- Prerequisites: Know Your Sourcing Objectives and Strategy
- Understand Relevant CSR Requirements
- Anticipate and Manage Stakeholder CSR Expectations
- Develop CSR Strategy
- Embed CSR in Ongoing Operations
- Respond to CSR Inquiries
- Develop a CSR Culture

Chapter 7 – Integrating Across the Organization
- Sourcing Teams and Corporate Social Responsibility (CSR) Groups
- Translating Corporate CSR into Outsourcing Programs
- Does my company already have a CSR organization I can work with?
- Fitting into Corporate CSR & Reporting

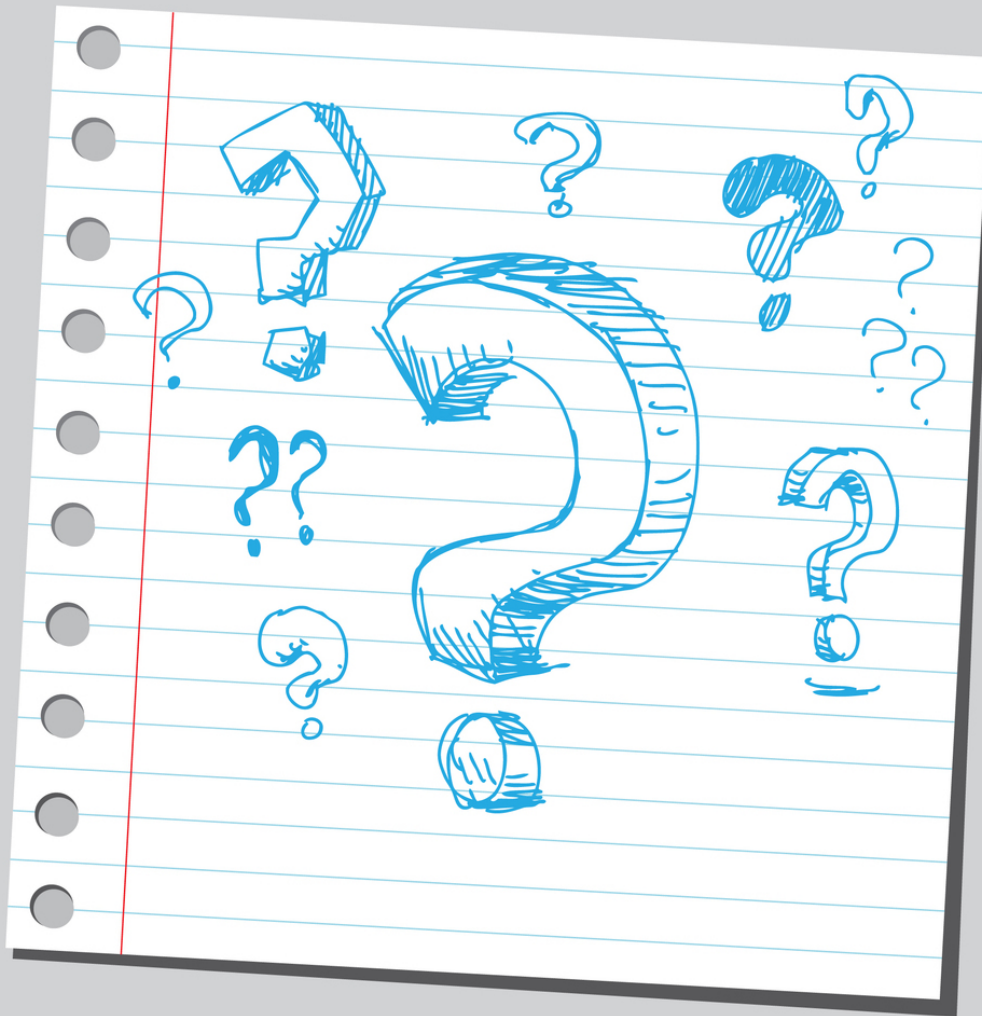Chapter 8 - Aligning the Organization's CSR Activities with the OPBOK

eSCM Guidance

- Both the eSCM-SP and eSCM-CL have places were CSR could (and should) be considered, such as practices requiring compliance with statutory, regulatory and standards-based requirements.

- A Practice in the eSCM-CL calls for impact and risk analysis of a proposed sourcing decision. It specifically calls for the identification of "*any economic, social, and human resource impacts of the proposed sourcing action*".
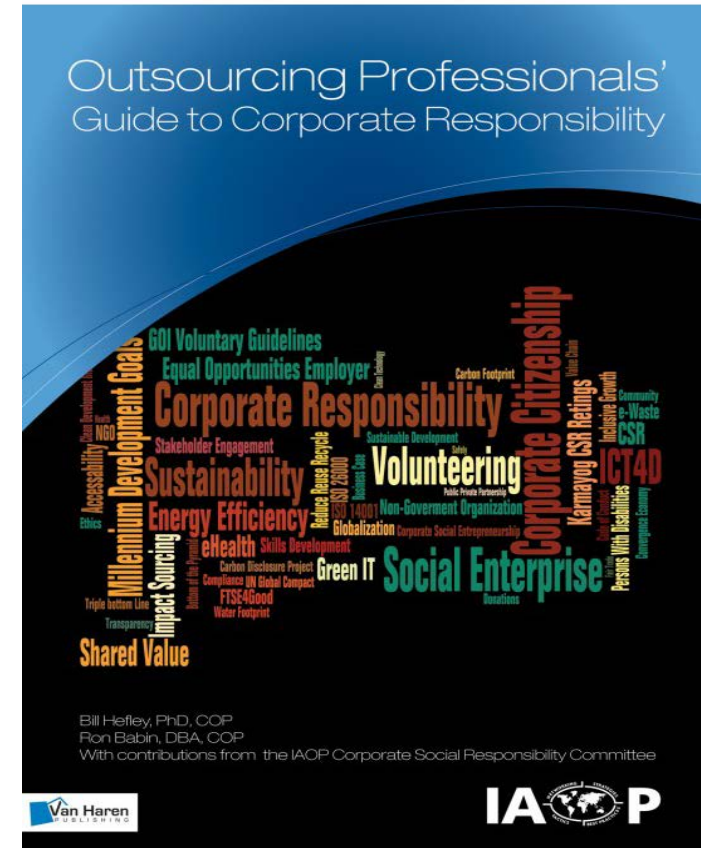
  This consideration is at the same level as considerations about:
  - the organization's ability to manage the proposed sourcing deal,
  - security and privacy risks,
  - possible financial impacts of the deal,
  - impacts on existing contractual relationships, and
  - the impact of the proposed sourcing action on community, external alliances, relationships, and perceptions.

Questions?

Please enter your questions in the Chat

To obtain your copy of IAOP's newly *released Outsourcing Professionals' Guide to Corporate Responsibility :*

Members:
    Contact an IAOP representative or memberservices@iaop.org

Non-Members:
    http://www.vanharen.net/9789087538194

- **Ron Babin, DBA, COP**
  Ted Rogers School of ITM
  Ryerson University
  350 Victoria St.
  Toronto, Ontario M5B 2K3
  Canada

- Web: http://www.ryerson.ca/itm/index.html
- Email: rbabin@ryerson.ca

- Phone: +1 416 979 5000 ext. 2448

ITSqc

- **Bill Hefley, PhD**
  ITSqc, LLC
  3945 Forbes Avenue, #422
  Pittsburgh, PA 15213 USA

- Web: http://www.itsqc.org
- Email: bhefley@itsqc.org

- Phone: +1 412 436 5212
- Fax: +1 412 436 5213