

RESPONSIBLE MANAGEMENT
AND SHARED VALUE.

IDEAS FOR GENERATING ECONOMIC AND SOCIAL VALUE.



ESADE
Alumni

FROM RESPONSIBLE MANAGEMENT TO SHARED VALUE.

IDEAS FOR GENERATING ECONOMIC AND SOCIAL VALUE.

It is often said that a company's role in society is simply to generate value by paying wages and taxes. But this is just part of it, and it only considers outlay. Social responsibility is usually regarded as more than an obligation, and outlay can be an opportunity. The aim of this short guide is to make suggestions about how to create value (business) for your company whilst creating social value for your stakeholders, and this is not just a declaration of good intentions. Many large corporations position shared value at the core of their future strategy – something that any company can do. We know that developing these initiatives is a very complex matter so, as we explain below, we suggest you begin by taking small steps in those areas of your business that make the greatest impact and then, little by little and as far as your business capacity permits, that you carry on to where you feel comfortable .



HOW TO USE THIS GUIDE

GETTING STARTED

Take a look at the list of suggested subjects and start with the ones where your business makes the biggest impact. If, for example, you work in the service industry, people management might be very important. If, on the other hand, you work in industry, you may need to put environmental issues at the top of your agenda.

Give a thought to active or underlying issues too. Do you have any on-going disputes with any employees or social or environmental communities? You should focus on settling these issues (and this guide will suggest new ways of dealing with them) before addressing other areas. If this basic level is not covered, you run the risk of greenwashing, i.e. looking like you are trying to clean up your image, but this, don't forget, always ends badly.

3 DIFFERENT LEVELS:

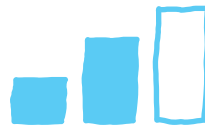
Your company can make progress on three levels. We suggest you work little by little on all aspects, depending on your priorities. It is better to take small steps and then, depending on your ability, to develop more complex measures rather than trying to implement a complex corporate programme from the outset. If your company is small, basic levels may be enough because advanced levels require a degree of management that may be beyond your scope. Large companies should aim for the highest level.

But first of all, there is the zero level. Compliance with regulations. This may seem obvious but it is not always. You must do what you are obliged to do by law. You must comply with legislation, collective agreements and even the most far-reaching industry standards.



BASIC

Implement specific, low-cost but high-impact ventures from time to time. Although evaluation indicators might be recommendable, they are not necessary at this level, it just says that you must “do something”.



MEDIUM

Implement more complex programmes (this will require investment in financial and organisational resources) designed to generate shared value.



ADVANCED

Develop specific policies for each area, with goals and indicators, in keeping with strategy. Make an effort to incorporate them into your identity.

MONETIZE THE SOCIAL VALUE GENERATED

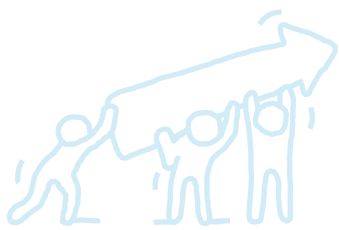
The social value generated is usually explained in terms of how many euros have been invested in measures or how much employees have done. But these figures only tell us what something costs. Sometimes ‘beneficiaries’ or ‘trees replanted’ are mentioned but these figures do not convey the real scope of the impact, i.e. what you have managed to change. You must be able to explain how you have transformed lives, the scope of your investment and its increase in value. This can be done by using methods to calculate the overall social value.

USEFUL STANDARDS

There are a great many standards, regulations and tools that can help manage and organise the shared value you generate. These are complex instruments intended for senior management, but they can act as benchmarks or starting points.

- **Global Reporting Initiative (GRI).** A standard for drafting responsibility reports.
- **Principles of Global Compact.** UN initiative to promote sustainable development in the areas of human rights, business, employment regulations and the environment and to combat corruption in corporate business strategy and activities.
- **Sustainable Development Goals (SDG).** UN initiative to end poverty, protect the planet and ensure that all people live in peace and prosperity

SUBJECTS:



CORPORATE GOVERNANCE

The involvement of management in generating shared value is essential: if senior managers do not believe in it, no progress can be made. This is why, after complying with their legal obligations (depending on the size and business of companies, they must comply with regulations concerning transparency, money laundering and reporting), a company's managers can then work on permeating the company with responsible and ethical behaviour and creating a robust corporate culture that leads to a better workplace and better goods and services.

GOOD GOVERNANCE

BASIC

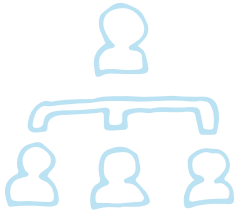
The first level can prevent or respond to possible conflicts that may arise. Well-defined corporate values that are conveyed internally can help align strategy with behaviour. Specific in-house programmes can be implemented to combat workplace harassment, by means of a simple newsletter or shared document for example. Don't be afraid of being clear and forthright. Provide secure channels for people who want to use them.

MEDIUM

At the next level, all these specific documents are combined in an ethical code that gives guidelines to the entire company about expected behaviour and the steps that will be taken to ensure compliance. It is particularly important for the code to take a close look at critical issues in the sector. In addition, steps can be taken to create in-house communication channels to report behaviour that breaches the code. It is also essential to work towards total transparency regarding funding, and responsible taxation, and to implement anti-corruption policies.

ADVANCED

Besides accepting and abiding by the regulations and recommendations about corporate governance specific to each sector and assimilating the guidelines of movements such as Global Compact or Sustainable Development Goals, another step would be to incorporate sustainability at the highest level in the organisation and regard it as a strategic issue in the company's decisions. This could lead to the adoption of earnings variables such as social impact bonuses and even to bylaw amendments aimed at making the generation of shared social values one of the company's aims.



PEOPLE: RESPONSIBLE TEAM MANAGEMENT

In most instances, people, i.e. employees, are a company's most important asset. You may have great ideas or patents or products but it's your teams who develop and produce and sell them. It is therefore essential to create an environment that attracts and retains talented people and enables them to advance their career, develop as professionals and individuals, and make your company grow. Of the many aspects to be taken into account regarding people management, we will focus on four:

- **Career development:** do your employees have a future? Will they be able to develop? Will you help train them?
- **Equality:** A diverse staff enables companies to reach larger segments of customers. This diversity must be based on equal access and promotion opportunities. In this respect it is essential to continue working towards the full incorporation of women at all management levels of the company and to smash any remaining glass ceilings.
- **Work-life balance:** this is not just about flexi time or not hampering requests for shorter working hours. A work-life balance means enabling employees to develop their career to the full whilst enjoying a satisfying personal life.
- **Health:** An analysis of population forecasts and the profile of company employees in the future reveals an aging population and low birth rate which will lead to old staff and greater difficulties in finding young talent. Companies must not, therefore, focus only on the development, equality and work-life balance of their employees but also promote their good physical and mental health.

It must be remembered that workers' statutes and collective bargaining agreements are not the finishing line but the basis for developing in-house programmes that help the business and its employees, and also that, depending on the size of the company, measures such as equality plans are mandatory.

CAREER DEVELOPMENT

BASIC

This can be as simple as sitting down with your employees and asking them where they think they'll be in a few years and how the company can help them.

It is not necessary to draw up a career plan or well-defined training, it may be enough to consider how these personal challenges tally with the company (you may discover new forms of business) and how you can develop together.

MEDIUM

Add career plans and work on the basis of good training programmes. Look for funding from Spain's tripartite foundation for employment, agreements with training centres, or set up co-payment systems with employees. Sometimes, by simply letting a person adapt their working hours to suit their studies, you can meet their needs at no expense to the company.

ADVANCED

Standardise career plans, help employees see what lies ahead for them in your company and how you will help them thanks to training.

Some companies have specific programmes to pinpoint, retain and promote in-house talent for persons who are essential for the future of the business.

EQUALITY

BASIC

A zero-cost measure. Think about whether you are prejudiced about hiring certain types of people or if you unintentionally overlook women when promoting staff. At first, you think you are not prejudiced, you might realise you it unintentionally. Never mind: from now on, be more open-minded. Talking to the team may help. Remember that a diverse staff offers more opportunities.

MEDIUM

Build diversity and equality into protocols. When recruiting: be willing to consider different profiles and people with functional diversity. When promoting staff: implement indicators to see whether certain groups are promoted more often than others. Women tend to be the most obvious example. Think about helping all groups have the same opportunities too. Perhaps you should train your team in empowerment and relational skills.

ADVANCED

Develop an equality plan that goes further than mandatory requirements. Develop a gender equality plan for middle management, executives and senior management. Enter agreements with social entities to add people with function diversity or at risk of exclusion to your staff.

WORK-LIFE BALANCE

BASIC

Implement measures to help employees with their everyday activities. These measures do not all have to apply to everyone – they may apply to different responsibilities or tasks – but they must apply to all the employees of the same type. And don't forget to offset the measures aimed at different groups to avoid comparative grievances. One common mistake is for office employees to have better conditions than production chain employees. Measures can be found for everyone. A few low-cost, high-impact ideas:
Flexible clocking-on and clocking-off times and meal times.
Flexible holidays at unusual times of year, providing they do not clash with production needs. If someone takes a trip in February, they will be on call in August.
Give one afternoon a week off in exchange for starting half an hour earlier, for example. Coordinate teams so that work gets done.

MEDIUM

If the measures are effective, you can implement a work-life balance programme: structure the measures taken, add new measures, and create indicators and improvement goals. You can even use standardised methods, such as EFR. Some studies show that the cost of measures to ensure a life-work balance is lower than the equivalent salary that employees would expect if such measures were not taken. And one more thing: certain types of workers are motivated to remain in a company not by their salary, but because they can achieve a life-work balance.

ADVANCED

Make life-work balance a cornerstone of team management. Once a programme to enable a life-work balance is under way, the management must take responsibility for it. It should be encouraged and efforts made to apply it to the value chain. Broaden this value by making life-work balance programmes be taken into account by purchasing departments.

HEALTH

BASIC

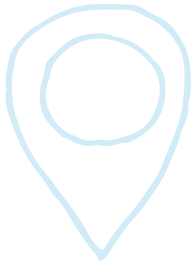
In addition to mandatory health and safety measures, accident prevention companies and mutual health insurance companies give businesses access to many resources for ensuring employee wellbeing. Ask them what they can give you. Foster employee health by specific measures: talks about health and nutrition, negotiate discounts at gyms, take part in fun runs or walks...

MEDIUM

Promote in-house health programmes, and follow up the goals, so that employees sign up. For example, launch new sports or nutrition programmes monitored by professionals. Serve healthy food if the company has a restaurant or canteen or vending machines. Talks can become more structured measures within the framework of the company's training programme.

ADVANCED

As mentioned in the introduction, now is the time to be concerned about employees' future and long-term health. Possible measures:
Encourage job rotation, particularly repetitive, physical tasks, to avoid injury. Provide technological support for these repetitive, physical tasks. Draw up plans to prepare for retirement and generational change for the transmission of talent. Programmes for dealing with an ageing staff.



SOCIETY: COMMUNITY RELATIONS

A company's business has a direct economic impact on the social environment in which it operates, but this impact can be spread out by contributing to the social development of the communities on which the company makes an impact, and also by being an active agent in the region.

SOCIAL ACTION

BASIC

The basic level of social action, as it is known, is to contribute to social causes from time to time. You may receive requests from an entity, it may be prompted by employees. It is recommended that these donations and contributions are compatible, in some way, with the company's business e.g. a product or the importance of the region where they are made... And don't worry about saying no. The similarity between the company's business and social action will make such contributions have a positive impact on the company's image.

MEDIUM

The next level entails the organisation of such contributions. In-house protocols can be drawn up about the type of requests that can be accepted or not. In-house or external announcements can be made about projects needing support ... You can even implement initiatives such as 'teaming' in which salaries are rounded up and the amount collected is doubled by the company and then donated to a cause chosen by employees. The systematization of your social action makes it much easier to manage and also optimizes the internal resources earmarked for it.

ADVANCED

At the most advanced level, the aim is to generate an impact and measure the resulting change. In-house programmes must be designed, in order to transform the environment and the target stakeholders, with measurable and traceable aims that also enable the resulting social value to be monetised.

VOLUNTEERING

BASIC

The basic level involves volunteering from time to time with a view to improving team bonding, for example, clearing a forest, collecting food, painting a school, or taking part in a workshop with disadvantaged persons.

MEDIUM

Design a corporate volunteer programme that pinpoints ways of improving the professional skills of employees. Volunteering enables people to carry on learning things, such as leadership or relational skills and aptitudes in particular, that would be harder and more expensive to gain in other ways.

ADVANCED

Include the volunteering programme in employees' career plans and as a training opportunity. Design specific volunteering for senior management too.

RELATIONS

BASIC

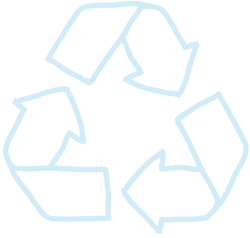
Belonging to society is not just about making a contribution, but playing an active part in it. From the outset, it is advisable to take part in industry forums and local initiatives. Start going to events. Join associations and working groups. It is important to decide which sectors and regions you want to be in, by applying the criteria mentioned at the beginning. Be visible, but look out for risks and pinpoint opportunities too.

MEDIUM

The next level involves being vocal in these forums and initiatives, for example, by speaking at conferences or being active in associations. It is important to have something to tell, to find an audience willing to listen, to be a benchmark. Reporting may be a useful tool applied as part of GRI standards or otherwise. It may also be useful to adopt social SDGs.

ADVANCED

Once you get involved and make yourself heard, you can help create spaces for community interaction. You can hold conferences of your own, for example. As mentioned earlier, don't think only in terms of business, think about the communities where your business makes sense: where your headquarters, production centres or customers are located.



THE ENVIRONMENT: LESS IMPACT

Increasing numbers of consumers expect companies to respond to environmental challenges. Therefore reducing your environmental impact is both an ethical challenge and an opportunity to generate business value. Don't forget, you must start with the mandatory environmental regulations applicable to your business.

ENVIRONMENTAL FOOTPRINT

BASIC

Once environmental regulations are complied with, you can think about reducing the impact of your business. Think about how you can use less or recycle more.
Address how you can optimize travel expenses
Think about how you can recycle more: paper, toner, etc.

MEDIUM

Zero environmental footprint programme to calculate and compensate consumption. Voluntary adoption of environmental standards, such as the FSC certification of paper.
Implementation of efficiency plans such as changing paper printing methods, changing transport systems by adopting vehicles with lower consumption and emissions, or optimizing the lighting in production centres.

ADVANCED

Develop and implement an environmental policy to help bring employees into line with the company's environmental goals. Implement certifications such as ISO 14001 to help the company improve its environmental performance.
You can also find innovative ways to develop new, more social and greener products and services.
Encourage negative environmental footprints.
Think and work together with your suppliers to develop joint initiatives to make your products more effective and reduce their environmental impact.



SUPPLIERS: VALUE CHAIN

A company is not only responsible for its business but also for the value chain dealing with part of its business. You must begin by adopting a responsible attitude towards them, complying with the regulations that govern payments, the recruitment of self-employed workers, etc, but you must also demand that they do likewise.

VALUE CHAIN

BASIC

Incorporating ethical, social and environmental clauses into agreements with suppliers is one of the first steps towards conveying your commitment to the environment and human rights.

MEDIUM

Drawing up a code of ethics for suppliers can help bring your suppliers into line with your values and goals related to responsibility and sustainability.

ADVANCED

The implementation of certifications such as ISO 9001 by suppliers can help them meet your requirements related to quality, corporate responsibility and sustainability. Random audits of suppliers to identify risks of breaches of human rights can facilitate reputation risk management.
Dialogue with suppliers can help settle conflicts about value chain management and the environment.

CONCLUSIONS:

Being a socially responsible and sustainable company is not, in fact, technically complex, but its leadership is very complex because of the change involved. Sustainability and innovation must go hand in hand and be the responsibility of the same person. Companies that do this well do not have a CSR department but a culture of transversal social commitment, very determined managers and a large dose of responsible innovation. As a result, they produce goods and services that take care of the environment, take care of production, take care of logistics, take care of their teams, take care of their communities and are also very transparent and meticulous about compliance policies. A few key items to think about:

- **Create networks and seek allies** amongst stakeholders, a fundamental factor in order to make progress.
- **Set targets** with long- and short-term performance indicators, promote and foster cultural change and spot in-house obstacles with a view to anticipating them.
- **Engage publicly** and be very transparent, use data to explain what has or has not been achieved.
- **Talk to stakeholders often** and encourage collaboration and co-creation from within the company, between companies and between public/private sectors and social/business organisations because only teams can work towards helping society whilst maximising the company's financial results.

Businesses are the driving force of the economic development of any society. As a result, they are key players in the shift towards sustainability. Business models are evolving towards more responsible models. In addition, it is becoming obvious that the companies moving in this direction perform better.

As we mentioned at the outset, this is just a starting point, a few suggestions to help you generate shared value in your company. Pinpointing your priority areas and taking small steps in this direction may be a way of broadening the value you generate.