

Managing Stakeholders In A Global Environment:

***Solutions To Organizational, Economic And
Societal Issues Faced By Financial Institutions.***



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Luc Noubissi

Insurance supervisor
*Interafrican Conference for
Insurance Markets (CIMA)*



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Welcome!

***“The time is always right to do
what is right.”***

Martin Luther King, Jr



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INTRODUCTION

- ***Corporate Social Responsibility (CSR) is gaining importance into the world today, thanks to the technological innovation with the Internet.***
- ***We view CSR from a stakeholder perspective, taking into account the external environment with many constituents interested to the business results.***
- ***In this global challenge, an effective stakeholders' management could lead to a winning strategy to (re)build a sustainable financial system in the world.***



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INTRODUCTION

- ***The recent financial crisis highlighted the need for more Ethics. It is necessary to redefine the concept of Accountability for business actors.***
- ***Our paper aims to present the key concepts that actuaries and financial professionals could draw from this trend in order to improve their impact and contribution in building sustainable security systems.***
- ***We view CSR from a stakeholder perspective, taking into account the external environment with many constituents interested to the business results.***
- ***CSR represents an attempt to define the future of our society.***



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CSR – The CONCEPT

- **DEFINITION**

- *A view of the Organization and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility a firm's stakeholders to hold the firm accountable for its actions.*



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CSR – The CONCEPT



Carroll's Hierarchy of Corporate Social Responsibility



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CSR – A Stakeholder Model

External Factors
Globalization
Technology
Business
Environment
Competition
Market Conditions



Stakeholder theory CSR perspective should be integrated into the organization's strategic planning processes and throughout day-to-day operations.



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CSR – History

- **Global Economy** *operates under a set of principles that flow from a belief in CAPITALISM.*
- *Many countries accept the theory that Democratic rule and Capitalism are best for running their societies and their economies.*



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CSR – Trends

The Top 10 Trends in CSR for 2012

1. *Going Global*
2. *The Triumph of Transparency*
3. *Employee Engagement Emerges*
4. *Political Pitfalls*
5. *Collaboration*
6. *Sustainability Shoppers*
7. *Occupy From the Inside*
8. [Social Media](#)
9. *Human Rights*
10. *Earth at Seven Billion+*



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CSR - Terminology

- ***Some definitions***
 - ***Accountability***
 - ***Business Citizenship***
 - ***Business Ethics***
 - ***CSR***
 - ***Ethics***
 - ***Stakeholders***



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Iron Law of Social Responsibility

- ***An Axiom:***
 - ***Those who use power in way society deems to be abusive will eventually lose their ability to continue acting in that way.***



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Why does CSR matter ?

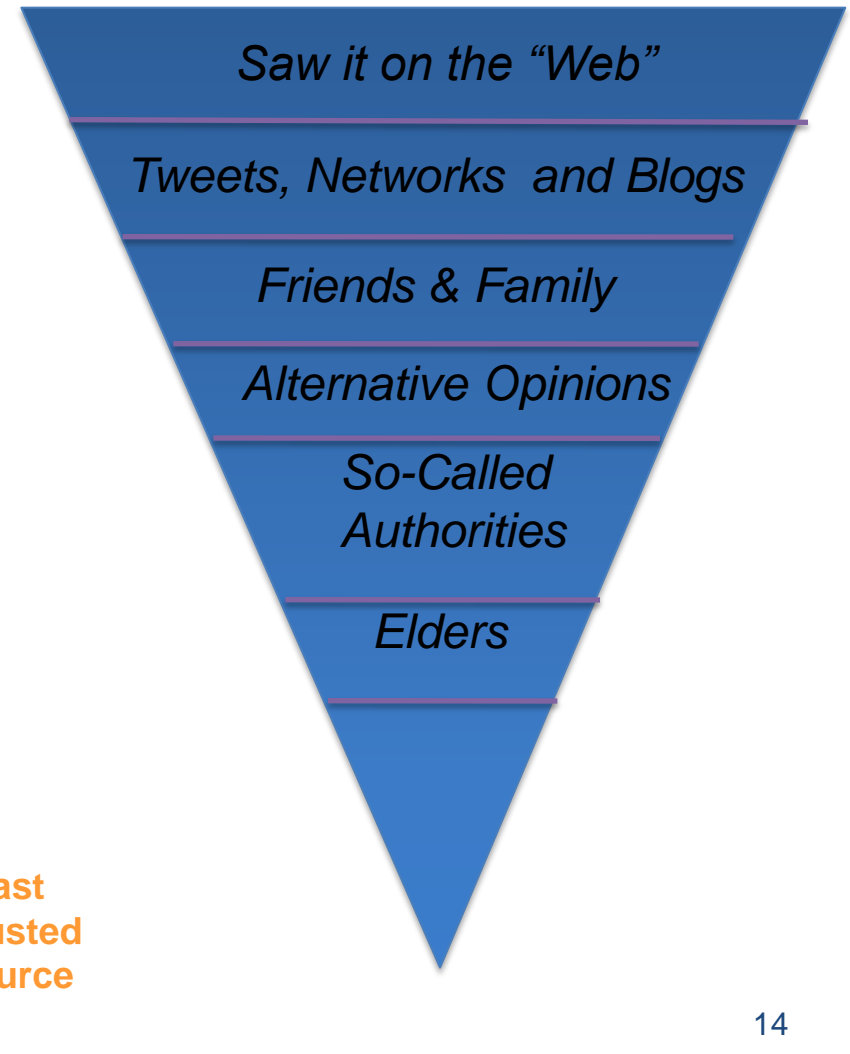
- ***Increasing Affluence***
- ***Better Educated Stakeholders***
- ***Globalization and the Free Flow of Information***
- ***Changing Social Expectations***
- ***The Threat of Global Climate Change and push for Ecological Sustainability***

Who Influences whom is up for grabs!

The Age of Deference



The Age of Reference



Most
Trusted
Source

Least
Trusted
Source



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CSR – CASES FOR FINANCE

- ***Compensating Top Management***
- ***Ethics***
- ***Corporate governance***
- ***Financial crisis***
- ***Microfinance***
- ***Microinsurance***
- ***Islamic Finance***



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The triple bottom line

- ***Financial performance***
- ***Environmental performance***
- ***Social performance***



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CSR – A CHECKLIST

CRITERIA	INITIAL SCORE	WEIGHT	FINAL SCORE
ECONOMIC			
CODES OF CONDUCT, COMPLIANCE, AND CORRUPTION	10.6	5.5%	0.583
CORPORATE GOVERNANCE	7	6.0%	0.42
RISK & CRISIS MANAGEMENT	0	6.0%	0
INDUSTRY SPECIFIC CRITERIA (depending on industry)			0
ECONOMIC TOTAL	17.6	17.5%	3.08
ENVIRONMENT			
ENVIRONMENTAL PERFORMANCE (ECO-EFFICIENCY)	4	6.0%	0.24
ENVIRONMENTAL REPORTING	2	2.0%	0.04
RISK AND OPPORTUNITIES DUE TO CLIMATE CHANGES IMPLICATIONS	7	2.0%	0.14
INDUSTRY SPECIFIC CRITERIA (depending on industry)			0
ENVIRONMENT TOTAL	13	10.0%	1.3
SOCIAL			
CORPORATE CITIZENSHIP AND PHILANTHROPY	11	3.5%	0.385
LABOR PRACTICE INDICATORS	5	5.0%	0.25
HUMAN CAPITAL DEVELOPMENT	2	5.5%	0.11
SOCIAL REPORTING	18	3.0%	0.54
TALENT ATTRACTION & RETENTION	7	5.5%	0.385
INDUSTRY SPECIFIC CRITERIA (depending on industry)			0
SOCIAL TOTAL	43	22.5%	9.675
BLUE CSR BALANCED SCORECARD TOTAL	73.6	50.0%	36.8

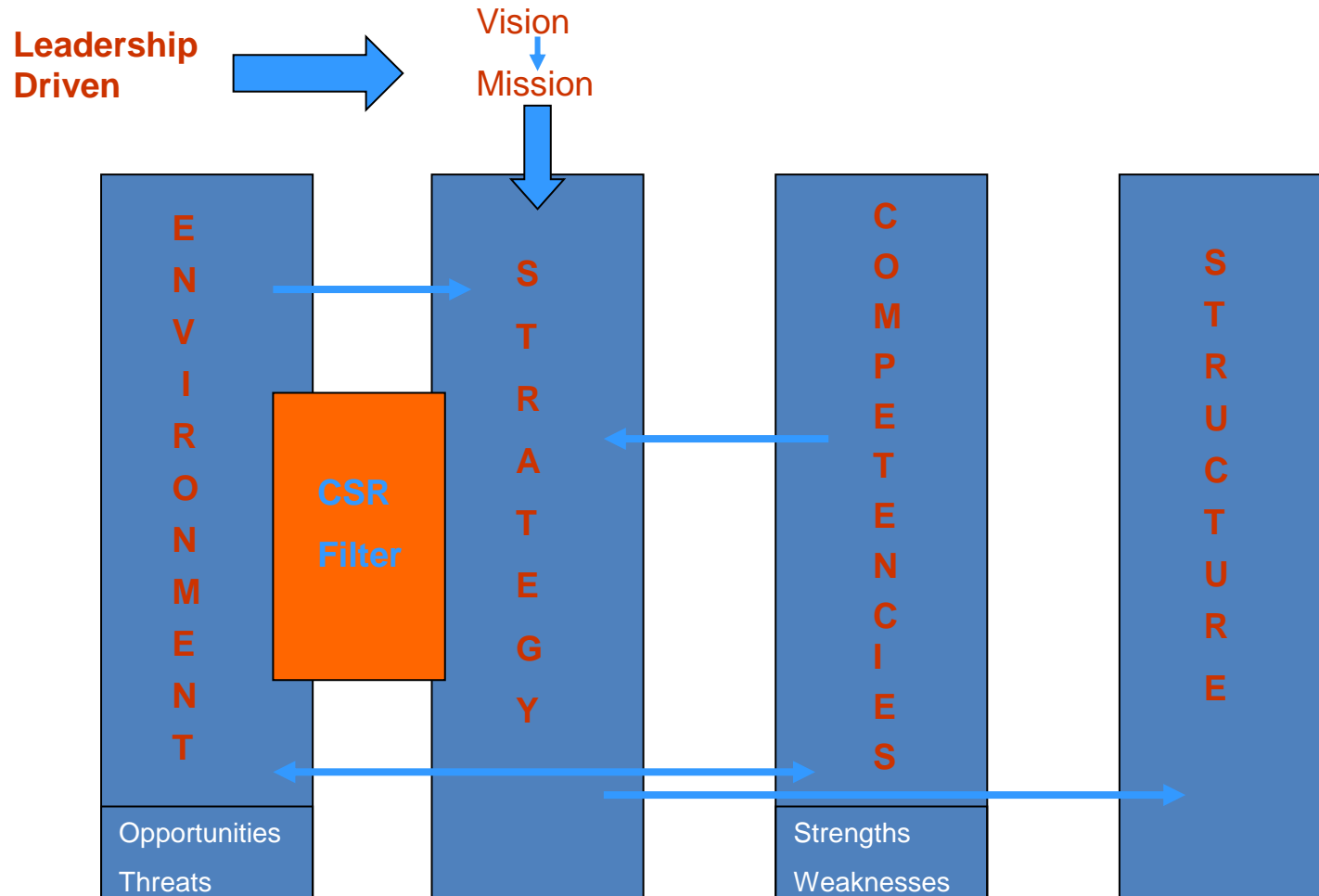


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CSR - Implementation

- ***Involvement and commitment at the Top***
- ***CSR Framework/Organizational Structure***
- ***Clearly stated CSR Position Statement***
- ***CSR Officer***
- ***Awareness creation for Internal Stakeholders***
- ***Regular CSR Audits and Reports***

Strategy and CSR Filter





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CONCLUSION

- ***Capitalism can be modified and continue to fuel better lives for more and more....***
- ***We have to work to inoculate corporations, their managers and ourselves from.... Non-ethical behaviors***



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CONCLUSION

- ***CSR refers to conducting business in a manner which links it to:***
 - ***Ethical Values***
 - ***Compliance with statutes and legal requirements***
 - ***Demonstrated RESPECT for***
 - ✓ ***People***
 - ✓ ***Communities***
 - ✓ ***The environment...***



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Some resources...

- Bank Track (<http://www.banktrack.org>)
- Equator Principles (<http://www.equator-principles.com>)
- UN Principles for Responsible Investment (<http://unpri.org>)
- Community Investing Center
(<http://www.communityinvest.org>)
- Charter for Compassion (<http://charterforcompassion.com>)

Thanks!



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