

CORPORATE SOCIAL RESPONSIBILITY



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Please read the following article

**Incentives to Encourage Companies to
Become Socially Responsible. Nuevas
Tendencias. n. 103, 2020**

<https://revistas.unav.edu/index.php/nuevas-tendencias/issue/view/1385>

1- OBJECTIVES OF BUSINESSES

The essence of a business is to sell a product or service.

Objectives of the companies

1. **Economic Objectives:**
selling a product or service at a profit.



2. **Social Objectives**



2- BEHAVIORAL ECONOMICS.

Richard Thaler



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Teamwork.

**RICHARD THALER: NOBEL PRIZE 2017.
BEHAVIORAL ECONOMICS**

**Studies how behaviors, emotions, feelings
affect the economy and economic decisions**

**Studies show that People are not as rational
as they think, so behavior economics tells....**

BEHAVIORAL ECONOMICS



- We do not choose the best option for us.

- We choose the option with the most immediate appeal, jeopardizing (risking) the future (easily manipulated with advertisements)



- **Because we have serious problems with self-control.**

- This why we do not persevere, then we fail



- We are influenced by circumstances and we do not know what we want in the future



- People have limited cognitive abilities. Difficulty to make complicated decisions. Easily manipulated



- We're irrational too often

- We choose a goal and then frequently act against it, because our self-control problem fails us to implement our goals



We are limited, so WE ALL NEED HELP, besides.....

- 1. Behaviors and emotions are very contagious.**
- 2. People influence us and we influence people around us**

Who influences you? Who are you influencing?

- We all need help from family, friends, professors, books, government, positive traditions, customs, religion....**

TEAMS



3- WHY COMPANIES WORK IN TEAMS?

1. Things are **changing so quickly** that teams need to make the decisions. This is why they should **highly qualified**
2. Things are **too complex** for just a single person
3. Behavioral economics- **We all need help**

Remember (Behavioral Economics. Richard Thaler)

- **WE NEED Self-control and help!!**
- **The more people that helps us the better. Being surrounded by people that care about you, smart, with values, knowledge, criteria, that can really help you with good advice (professionally & personal). If a friend offers you marijuana, Is he/she being a good friend?**
- **And we also need to be surrounded by the right people, Because having a healthy brain development will require a positive and loving environment**

4- El neurólogo Álvaro Pascual-Leone (University of Harvard):

Book “El Cerebro que cura” To have a healthy brain

- The brain represents 2% of the body weight but consumes 20% of the energy. It is the organ that consumes more energy because it never rests.
- **Sleeping**: While sleeping, the brain consumes as much energy as when we are awake. It reorganizes the connections that were modified during the day. Learning depends on sleeping. If we do not sleep, we may not learn certain things, because that knowledge is not been consolidated.
- **Physical exercise: el ejercicio físico**, aerobic & anaerobic exercise, with intensity of intervals, increase the brain thickness in certain areas, especially frontal areas of the brain. These areas of the brain are key to have brain resources to face challenges.

- **Physical exercise:** el it creates new neurons neurogénesis, in areas that are critical for memory (Hippocampus). Exercise is critical and makes you feel better. Because if you exercise you keep a healthy brain and improves your cognitive abilities and the ability to react.
- **Feeling loneliness is like smoking 15 cigarettes a day or being obese. Feeling lonely kills you, it is a mortal disease.**
- If your brain does not work well, all your body Will not work well.. Q Who has anxiety, depression, other mental illnesses ... are more likely to have ulcers, different types of pains, chronical health problems
- **We should have a vital plan, something to be worth to fight for: A mission in life. Spirituality, Meditation, religious....**
- When something is hard to do (learn), we are creating new connections, we are making our brain grow. That is **why- Effort** = more intelligent
- **POSITIVE THOUGHTS** will make you happier and more successful. Brush away negative thoughts and **SMILE**



- <https://www.lavanguardia.com/vida/20190304/46764100200/alvaro-pascual-leone-soledad-perjudicial-salud-fumar-15-cigarrillos-dia.html>

5- CORPORATE SOCIAL RESPONSABILITY

Companies cannot operate successfully without

1. • **Customers**
2. • **Employees**
3. • **Suppliers**
4. • **Entrepreneur**
5. • **Investors**
6. • **Community where they are located**
7. • **The environment**
8. • **Government/society**
9. **Etc.**

CORPORATE SOCIAL RESPONSIBILITY

Therefore, they should also benefit all the company's stakeholders that make the business possible.

- **Companies should not harm their stakeholders.**
- **When businesses benefit all the stakeholders, companies will profit as well, business need them to succeed**

CORPORATE SOCIAL RESPONSABILITY

- Besides, Companies are entities that create resources/wealth when meeting their customers' needs, by selling them products at a profit. The profits are the resources that should benefit all the stakeholders, not just the shareholders.
- Businesses also create jobs, create platforms for other sectors to flourish, pay taxes, etc.

Therefore,

- **BUSINESSES ARE VITAL FOR ANY SOCIETY**
 - **If EMPLOYEES became owners of the companies they work for (such as Google...). They would be more involved.**

SUMMARY: What are the MAIN goals of the companies?

- 1. Profits**
 - 2. Benefiting all the stakeholders**
- ACCORDING TO MICHAEL PORTER: BUSINESS should obtain profits by solving social problems.**

Michael Porter's Talk on TedTalk and write main ideas.

<https://www.bing.com/videos/search?q=ted+talk+michael+porter&view=detail&mid=1303B1DBC75E0F73D1011303B1DBC75E0F73D101&FORM=VIRE>

6- WHAT IS TO LEAD?

Ability to INFLUENCE: (1) OTHERS (2) to do GOOD

- 1) People are the center (Ryanair versus Southwest)
- 2) Values (good)
- 3) A good leader can not put people down, make fun of them, feel superior...

The person that can influence MORE in people's EMOTIONS and direct them towards a good goal is the leader. Or a bad one. Risk of manipulation.

WHO IS A LEADER?

- The person that knows the most
- And has learned how to be a leader
- We are not born leaders. We learn how to become leaders

- **INFLUENCING OTHERS**
- **Behaviors and emotions are very contagious.**
- **So, we are influencing people around us and people around us are influencing us.**
- **Be aware of your power of influence!! And of the others' power over you?**

People have many different intelligences (High IQ, emotional intelligence, etc..).

- **We all need emotional intelligence: Express in an adequate manner our emotions/feelings to achieve a common goal (a good goal)**

Are you a leader?: Do you influence people in a positive manner?

BE AWARE!!

- **1st rule:** You are not a leader if you force people to do what you want. These people they think they are leaders, but actually they are bullies. People do what bullies want, because they are intimidated/afraid of them
- **2nd rule:** People that put people down or make fun of others to feel good about themselves (low self-esteem, not a leader) are not leaders
- **3rd rule:** you are no a leader if you think your classmates, coworkers,... are your competitors. You cannot lead without trust, unity and empowering

Are you a positive leader?: (continue)

- **4th Rule** Some people that think they are leaders, they are actually bullies or toxic people
- **5th rule:** Every boss should empower their employees
- **6th rule:** We all can be leaders in something. What are you a leader in?
- **7th rule:** Every manager/boss should be a leader to manage their team properly
- **8th Rule:** Thus, people must learn to be a good leader!
- **9th Rule:** The idols, gurus/stars-leaders don't work/exist by themselves (Jobs, Elon Musk, Bezos, Juan Roig....). The great CEOs have a great team behind, without them...They wouldn't be successful

Good Behaviour

Golden rule to detect bullies

- He/She treats employees (or people with less power) different than bosses (or more power than theirs)
- Managers places their interests before the company's interests or before the employees' interests.

GOLDEN RULE FOR A LEADER

- Leader = somebody that is nice with subordinates or with strangers = decent person

EMPOWERING



EMPOWERING BY (very important)

1. Acknowledging or rewarding another's good work

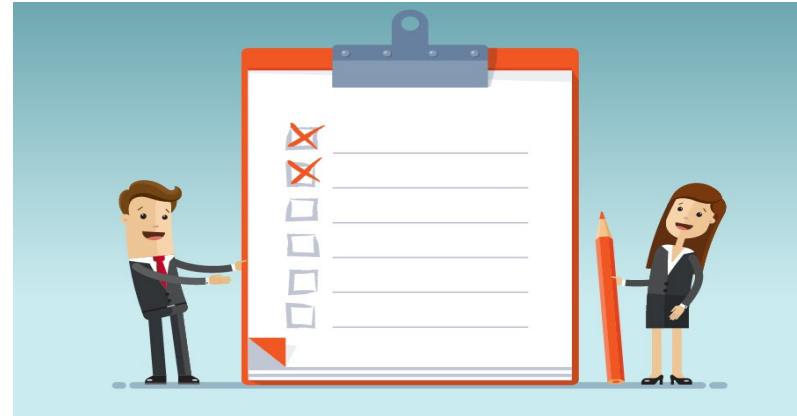


2. Offering encouraging phrases and making eye contact



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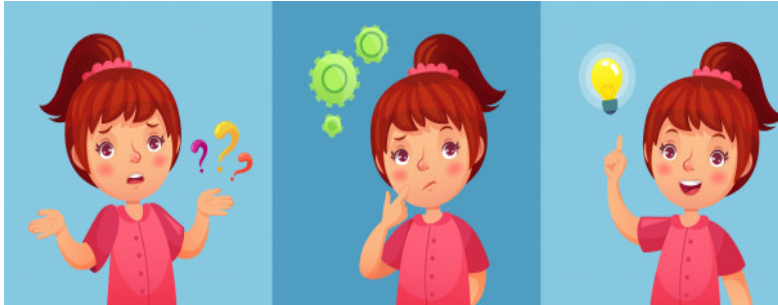
3. Giving others responsibility, resources and opportunities



4. Ask others what they would do before giving an advice



5. Ask those that have less power for their opinions (a child, your son,)



6. Smiling



7. Express gratitude



Could you abuse power?

- People, when get power, think it is theirs and they abuse power (corrupted). They lie more, they cheat more, they treat subordinates poorly, they think they deserve more than other people (a large slice of the pie....)
- Power does no belong to anybody. It changes hands.
- Powerful people should help others more. Usually, it is the opposite.
- **WE all can abuse power**

- Self-control (Thaler): Mischel in 1970. 4 years-old children: If they did not eat a cookie right away, they received 2 cookies. Kids that did not eat, were better students, more sure of themselves...
- The habits acquired in childhood has consequences for the entire life.
- Self-esteem without self-knowledge = Deception. They blame on others their own failures (aggressively with others or with oneself = depression, drugs...)
- Self-confidence, without self-knowledge or without self-control = failure
- Leadership books talk about self-esteem, self-confidence but not about self-knowledge or self-control (Richard Thaler)

Leaders should have Emotional intelligence, to express feelings and emotions in an adequate manner to achieve a positive goal- and you need:

- **Self-awareness**
- **Self-control (Thaler, Premio Nobel)**
- **Self-motivation**
- **Empathy (ponerse en lugar del otro)**
- **Social skills**
- **Stop and think (silence)**
- **Stop and review my experiences and apply them (Revise our own life = experience = company's holistic data)**

EMPATHY - DIVERSITY

Advantages?

- Creativity & innovation requires diversity
- Enter new markets, languages, customs.
- Other point of view
- Less fraud

Challenges?

- Integration
- Language barrier
- Cultural barrier...

Understanding other's behavior (**Empathy**):

Why people behave as they do:

Countries with high temperatures (or even nice weather) have lower productivity. **Environment** (climate, geography..) determines how people are.

- High temperatures affect people's productivity and cognitive functions.

Reduced cognitive function during a heat wave among residents of non-air-conditioned buildings: An observational study of young adults in the summer of 2016 –

<https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002605>

- **Factories using energy-efficient lighting** reduce ambient temperature on the factory floor by 2.5 degrees Celsius, causing a massive **improvement in output per worker** <https://voxdev.org/topic/energy-environment/productivity-and-energy-saving-technology>

- **In bad weather, high or low productivity?**

Why Bad Weather Means Good Productivity: Our findings suggest that worker productivity is higher on bad-, rather than good-, weather days and that cognitive distractions associated with good weather may explain the relationship. We discuss the theoretical and practical implications of our research. **Countries with good weather, less productive.**

<https://www.apa.org/pubs/journals/features/apl-a0035559.pdf>

- **The impact of working in a green certified building on cognitive function and health**

<https://www.sciencedirect.com/science/article/pii/S0360132316304723#!>