From Evaluation to Improvement: A Close-Loop CSR System for Manufacturing Industry

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Received 26 September 2017; revised 14 June 2018; accepted 18 September 2018

A new concept named CSR (corporate social responsibility) is not only used for enterprise sustainable growth, but also can be taken as a core policy to manufacturing firms. This study aims to develop an evaluation model for analysing and determining the performance of CSR in MPs (manufacturing plants) as well as identifying which indicators should be improved in order for enterprises to increase their CSR performance. The CSR documents and rating indices were first collected and a proposed CSR evaluation model was then established. An empirical case was also presented to validate the feasibility of the proposed model. The analysis results may provide additional references about how best to process CSR improvement in manufacturing sectors.

Keywords: CSR (corporate social responsibility), GRI (global reporting initiative), Manufacturing Management, Manufacturing Industry, Manufacturing Plants

Introduction

Traditional business activities have emphasized the profit maximization and cost minimization considerations from product design, manufacturing and product delivering. Issues have been ignored such as unfriendly working environment, severe overtime working hour, back pay, and healthy and safe working environment which cause drawbacks and problems of CSR (corporate social responsibility) occur frequently. Nowadays, enterprises have been encouraged to focus on financial, environmental and society issues in CSR. Those issues are not only critical for enterprises sustainability, but also vital to their survival. In the world's eight major international CSR norms, GRI (global reporting initiative) is currently the most widely used indicator. Based on the GRI version 4.0 report, this study aims to develop an evaluation model for analysing and determining the performance of CSR in MPs (manufacturing plants) as well as identifying which indicators should be improved in order for enterprises to increase their CSR performance.

Establishing a CSR measurement model

An initial model was first developed that comprises the six dimensions. Each dimension has a set of indicators for measuring CSR performance. These indicators were then used to develop a systematic model for evaluating CSR performance. Finally, improvement strategies and action plans were proposed. The research procedure was characterised into three stages as shown in Figure. 1.

Stage 1: Building the initial model

CSR reports released by various enterprises were examined. In addition, literatures and eight major international CSR standards were collated to develop a model comprising the six evaluation dimensions. The most adequate framework and indicators for the establishment and development of the various dimensions were identified.

Stage 2: Building the evaluation model

To reinforce the applicability of the measurement variables constituting the theoretical structure in Stage 1, expert questionnaire surveys were conducted once the initial indicators were established. The expert opinions were organised and analysed to eliminate inadequate indicators, revise the descriptions of adequate indicators, clarify indicator semantics, and establish the final model.

Stage 3: Evaluation and improvement

In Stage 3, the evaluation model established in Stage 2 was applied to actual MP cases to validate its feasibility. An expert assessment panel was established.
to undertake the assessment tasks. The expert panel comprised four members. The Baldridge Performance Scoring Guidelines were adopted as the scoring system.

Empirical case analysis

The proposed model was applied to Plant A to evaluate and score the performance of the various evaluation indicators. The CSR evaluation of this plant was conducted by an expert panel of four members. They referenced the processes, management regulations and implementation records of Plant A and individually compared each indicator with the Baldridge Performance Scoring Guidelines to confirm the performance of the indicators. Indicators that obtained a score of 81 or higher met the performance targets and those that obtained a score of 80 or less failed to meet the performance targets. Expert discussions and analysis indicated that among the 21 indicators in four dimensions, the 10 indicators in three dimensions attained an evaluation score of 80, failing the performance targets. Failed indicators comprised two in “Environment,” two in “Labour,” and six in “Human Rights.” The “Human Rights” dimension contained the most failed indicators, suggesting that human rights issues were inadequately addressed in Plant A. Of the four dimensions, all indicators in “Product” met the performance targets, indicating that Plant A adequately addressed relevant issues. Furthermore, the failed indicators were incorporated into a matrix to analyse their causal relationships and to prioritize indicators for improvement. The results of the matrix analyses and the importance of the failed indicators are displayed in Table 1.

Fig. 1 — The evaluation and improvement procedure

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<th>Table 1 — The cause and effect matrix for Plant A</th>
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Conclusion

- On the basis of expert investigations, this study developed an evaluation model for analysing and determining the performance of CSR in MPs as well as identifying which indicators should be improved in order for enterprises to increase their CSR performance. The key findings and suggestions were concluded as follows:
  - A model comprising 21 evaluation indicators in four dimensions was created. MPs can use the improvement suggestions formulated based on the evaluation results to assist them in promoting and fulfilling their CSRs.
  - The Baldridge Performance Scoring Guidelines were adopted to score the performance indicators. The guidelines enabled the quantitative and qualitative results of the indicators to be measured on a common basis, which greatly improved the referential value of the evaluation results.
  - The empirical results revealed that various management regulations were stipulated in the management system of Plant A. However, the relevant enforcement records were incomplete. In future, Plant A is suggested to focus on the practical implementation of the lagging CSR performance indicators, thereby creating a mutually benefited situation for the enterprise and its employees.

References