# Corporate Social Responsibility of Sainsbury

## Introduction

Corporate social responsibility is one of the topics that has existed for a long time. Today, corporate social responsibility is practiced by many organisations across the world. However, the lack of a clear definition has made it impossible for social corporate governance to be implemented by many firms and corporations across the world. Therefore, the main focus of this report is to identify individual and situational factors that played a vital role in defining the CSR of Sainsbury. Corporate social responsibility has become one of the vital pillars of corporate governance and ethical business practice. Every business defines its own corporate social responsibility. However, there is a hidden meaning of each company’s corporate social responsibility. This case study intends to identify the individual and situational factors that determined the definition of corporate social responsibility of Sainsbury. The individual factors that influenced the definition and interpretation of CSR in the Sainsbury include cultural characteristics, personal integrity, and education. The situational factors include reward and moral framing.

## Case: Sainsbury

Sainsbury is the fourth largest grocery stores in the UK (Bloomberg, 2018). It has more than 500 supermarkets and 319 convenient stores. It is recognised as one of the oldest retailers in London since it has been in the retail industry since the mid-19th century (Bloomberg, 2018). Sainsbury has been reporting on its CSR over the last 10 years. The definition of Sainsbury CSR has a corporate governance and ethical perspective. In order to evaluate the reason behind CSR, it is important to look at Sainsbury CRS definition. According to Sainsbury (2018), its CSR is “*We want to be the UK’s most trusted retailer, where people love to work and shop*”. The reason why management decided to frame this definition this way can be analysed into individual and situational factors. The definition of Sainsbury’s CSR is influenced by the culture of the UK. British consider honesty and loyalty as some of the most important values in their culture. Therefore, the CRS of Sainsbury took into account the cultural values and characteristics of people in the UK.

### Individual Factors

Personal integrity is an individual factor that determined the definition of Sainsbury’s CSR. The psycho-social attributes of a population and their perception of ethics and personal integrity determines how CSR will be defined. For instance, in the UK, the power distance allow an individual to take personal responsibility for their actions. UK stakeholders expect corporations to do business with high integrity (Freeman & Hasnaoui, 2011). This is the reason why the definitions of Sainsbury CSR clearly incorporate key stakeholders in decision making. However, in France, the high level of government involvement in business reduces personal responsibility for social action thus placing the onus on the government. The natural and cultural characteristic of customers influenced the definition of corporate social responsibility. For instance, the definition of Sainsbury is influenced by its key stakeholders. UK customers value trust and loyalty, which has been included in the definition of Sainsbury’s CSR.

A firm interest also plays a critical role in the definition of CSR. This assertion reinforces a study by Van Marrewijk (2003) who noted that a firm and the cultural characteristics of stakeholders are key determinants of corporate social responsibility. It also legitimises normative theory which argues that CSR is defined by a firm’s interest and cultural characteristics. Sainsbury’s self-interest of making profit determines the definition of CSR. For instance, in the definition of Sainsbury CSR, the term “trusted retailer” and “love to work and shop” shows that the firm is more concerned about profit making. It is also intended to show customers that the firm will deliver quality products to its customers. In simple terms, the main objective of inclusion of the two terms is to encourage customers to buy Sainsbury products. This is one of the main individual factors that contributed to the framing of Sainsbury CSR’s definition.

Education is another individual factor that determines the definition of CSR in the UK. Environment awareness depends on the education and personal understanding of those in government and executive. The definition of CSR depends on the broader understanding of stakeholders’ triple bottom-line. For instance, a survey conducted in Europe in 2003 found that academic institutions strongly support CSR on environmental agendas (Matten & Moon, 2008). This is evident in the strong support and courses dedicated to environmental agenda and CSR in the UK. Academicians in the UK agree that corporations should not only focus on making a profit but also consider the need for other stakeholders and the planet. Therefore, the educational background helps them to understand that although the economic factors are paramount, it is also important to take care of the environment (Cheng, Ioannou, & Serafeim, 2014). Finally, the inclusion of triple-bottom-line is an indicator that education determines CSR definitions (Markley & Davis, 2007).

### Situational Factors

The situational factors that play a critical role in defining CSR include moral framing and reward. Hopkins (2016) noted that the evolution and geographical distribution of CSR vary across different companies due to the framing of the user. Each company frames its CSR definition after evaluating its reward and moral integrity. Each company ensures that the definition of CSR is in the best interest of its stakeholders. For instance, the definition of Sainsbury state “where people love to work and shop”. Sainsbury’s CSR definition tries to show stakeholders that it does everything in its power to maximise the interest of workers and customers. This definition also shows the firm is observing business ethics of taking care of employees through proper remuneration and good working condition.

The reward obtained as a result of observing ethics influenced the definition of the CSR. Flammer (2015) observed that institutional shareholders and political players endorse a well-thought-out definition of CSR because it enhances stakeholder’s moral capital. These stakeholders support and influence the definition of corporate social responsibility because it supports their interest. Shareholders want a business that practices ethical business to maximise their wealth (Ioannou & Serafeim, 2015). This can only be achieved by a well-defined corporate social responsibility report. For instance, the definition of Sainsbury maximises shareholders interest by indicating that the business is observing good ethics through proper remuneration of employees and maximising profit (encouraging customers to buy its products). Other stakeholders such as suppliers and the government endorse a multiplicity definition which is envisioned in a relativistic relationship. The relationship of these stakeholders is envisioned within the social framework and personnel. When these elements are interlinked, they maximise the interest of key stakeholders.

### Differences

The focus of the situational factor stated above has not changed for several reasons. First, the moral framing is directly related to the reward expectation. Every company expects to maximise its interests. In most cases, these corporations will tend to focus on the financial aspects although taking into account the impact of their activities on other stakeholders. For instance, the definition of Sainsbury’s CSR in Canada will not change anytime soon since it tries to maximise the firm’s revenues. However, if the decision was intended to increase taxes which reduces revenues, Sainsbury could have defined its CSR differently.

## Conclusion

In summary, the definition and interpretation of CSR differ from one company to another. The individual factors that have contributed to this scenario include education, natural, and cultural characteristics. Each company frames its CSR definition in a way that maximises its interest. The situational factors include moral framing and reward. Each company frames its CSR based on whether it benefits it the most. The definition is based on vested interest and cultural characteristics.

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