

Corporate Social Responsibility

Who should read this fact sheet ?

Social responsibility – often also called Corporate Social Responsibility - is about improving the way your business responds to the needs of stakeholders. This means that that it is relevant to companies of all sizes within the industry supply chain, including clients, designers, contractors and the suppliers of materials.

What is Social Responsibility ?

Social Responsibility (SR) is about recognising and addressing the needs, not only of customers, but of all groups, which are affected by the activities of an organisation. These groups could include employees, suppliers, local communities and government regulators.

For construction, a suitable definition would be “the commitment to integrate socially responsible values and concerns of stakeholders into their operations in a manner that fulfils and exceeds current legal and commercial expectations”.

Social Responsibility Core Values

Transparency: being open to all stakeholders about the interests and processes of an organisation.

Fairness: treating all stakeholders in a reasonable and equal way.

Inclusiveness: involving all groups who are affected by the company and its activities in relevant decision making processes.

Responsiveness: responding to any concerns of stakeholders in a swift and effective manner.

Integrity: being honest and sticking to agreed terms and principles.

Diversity: valuing and promoting diversity in terms of gender, culture, and race. Being willing to apply different perspectives and new approaches in day to day management.

Accountability: being completely responsible for what an organisation does and being able to trace back its activities and related impacts.

Why does Social Responsibility matter?

It matters because the impact of the construction industry upon society is massive. The way the built environment is designed and developed shapes the way we live, move, and work. If carried out in a socially responsible way, construction can provide us with many benefits:

- Functional and aesthetic designs make day to day life easier and more enjoyable. Staff morale in Newham Hospital increased by 56 percent following the redesign of the hospital.
- Good design plays a crucial role in ensuring good health and well being. Research published by CABE shows that the design of hospitals has a significant influence on people’s recovery time.
- A well designed facility or neighbourhood helps prevent crime. A study of 27 housing estates in West Yorkshire designed according to Secure by Design Principles showed that crime rates dropped by about 60 percent since the redesign.
- A well designed and built environment provides people with a sense of identification with their home, neighbourhood, and town or city.
- The construction industry makes a vital economic contribution by providing people with jobs and income. The construction industry and wider supply chain contributes approximately 10% of GDP and consists of nearly 350,000 firms (Pearce, 2003).

But construction activities can often mean unnecessary or avoidable social costs:

- Badly designed and built houses can cause ill health. According to a study by the Royal Institution of Chartered Surveyors, more money is being spent on treating illnesses arising from poor housing conditions (about £2 billion per year) than the investments by local authorities in improving their housing stock.
- Housing or whole neighbourhoods are designed without the real involvement of local people and organisations, leading to a mismatch between the actual demand by a community and the housing that is supplied.

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- Lack of involvement and transparency turns into conflict leading to costly and unnecessary delays.
- Construction workers face unnecessary health and safety risks sometimes leading to severe accidents and death.
- Badly managed disruption, such as noise and restricted access, causes nuisance and congestion.

What's in it for Socially Responsible companies?

Socially responsible practices can add value to companies by helping to:

- **secure a strategic advantage** – for example securing the 'goodwill' of a local community, as a result of good stakeholder dialogue, can often make obtaining planning permission a lot easier.

- **improve reputation** - developing a brand amongst customers and other stakeholders for 'doing good business' in a responsible manner
- **reduce costs** - more productivity due to higher staff morale or no lengthy delays due to conflicts with local community groups, for example.
- **minimise and manage business risks** - evidence suggests that managing a company or project in a socially responsible manner is an effective way of minimising risks relating to corporate image or project programme.

What can we do to get started?

You can address SR on a corporate level and on a project-based level. The way to find out which social responsibility issues should be addressed on any project is through stakeholder engagement.



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Who are stakeholders?

Those groups of people that affect and/or are affected by the activities of an organisation

Stakeholder engagement involves identifying and prioritising the stakeholder groups and entering into a process of dialogue with them to understand their concerns and explore ways of addressing them.

However, there are two groups of core social responsibility issues that tend to be important for every type of construction project.

The first group is important in ensuring a socially responsible development process and it applies particularly to four groups of stakeholders:

1. End-users

Make sure end users needs are identified and addressed throughout the different project phases

2. Suppliers and contractors

Look at your procurement processes to ensure they are open, fair, and responsible. This can help to create a socially responsible supply chain and responsible employment practices by your sub-contractors and suppliers. Use local workforce, suppliers, and contractors where possible and provide training opportunities

3. Local community

Build local capacity and transfer skills through creating training opportunities and involvement in the development process. Offer to share facilities and premises with local people and organisations where appropriate. Minimise local nuisance such as noise, restricted access, and traffic congestion

4. Investors

Monitor and communicate the SR performance of the project to investors and internal and external stakeholders.

The second group are specifically relevant to the design of the particular construction project and are important to ensure a socially responsible built product:

- Ensure health, safety and well being of end-users during the lifetime of the built facility – e.g. incorporate safe design, avoid sick building syndrome.

- Provide enjoyable and aesthetic design.
- Ensure that the built facility is inclusively designed to meet the requirements of different user groups, such as disabled people, older people, and children.
- Ensure that a facility is flexible in design and can be adapted throughout its life span to meet changes in demand which arise as result of changing population patterns or development of new technologies, for example.
- Create a safe and secure built environment.
- Create a sense of place, a community including heritage.

More about the process of stakeholder engagement

Construction clients and their teams are required by legislation to conduct consultation processes in the scoping phase of many types of project. One of the main purposes of applying for planning permission is to demonstrate this engagement with the local community.

Going beyond the minimum requirements, however, can bring benefits to the project and the companies involved.

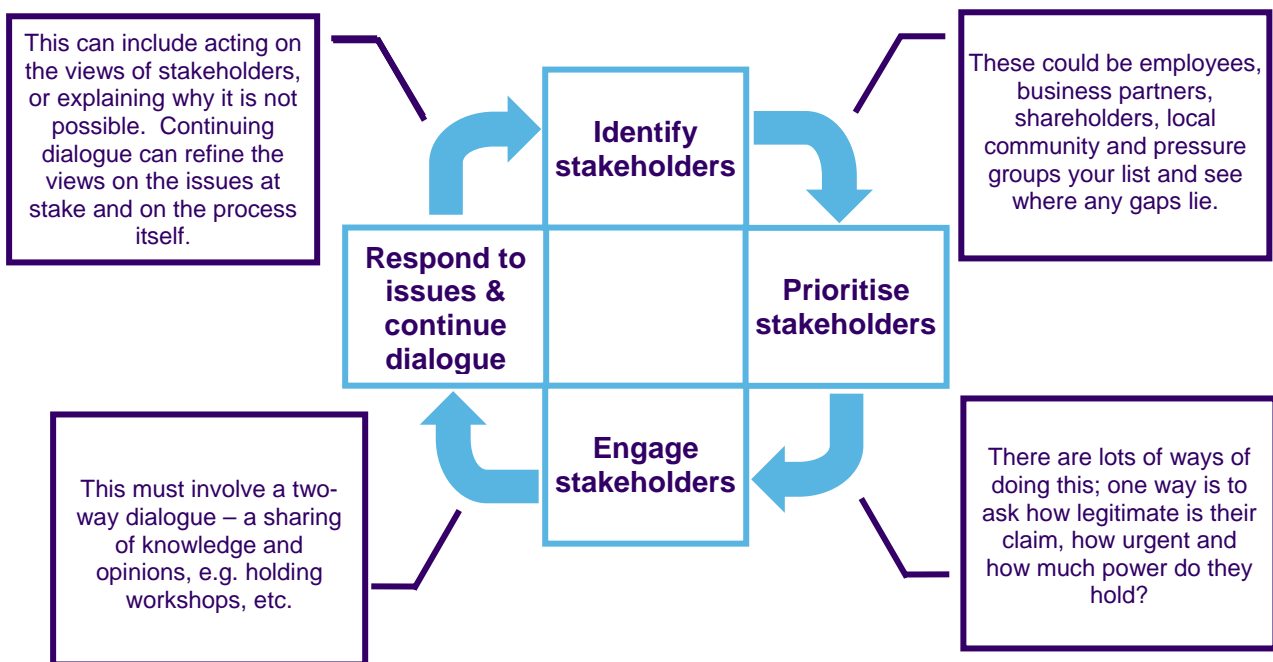
The diagram outlines the basic principles and processes that a company engaging with their stakeholders should consider

There are business benefits to be gained by going through this process:

- Stakeholder engagement - when done well - is a key part of being accountable to those different groups and maintaining the 'licence to operate', bestowed by society, that any company relies on for long-term success.
- When engagement leads to positive change this can build trust in the company's brand, enhance reputation, and lead to increased business for the company.

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How to engage with your stakeholders



- Engagement with stakeholders allows the construction client and project team to anticipate and manage conflicts and external risks. The problems can be dealt with more quickly and effectively to facilitate the smooth running of the project.
- Being better informed can improve decision-making from management.
- Going through the process of dialogue can build consensus from diverse views.
- It can create stakeholder buy-in to the outcomes of the company's activities.

Case study 1: Kingston Stadium *Benefiting the local economy*

The Challenge

Kingston upon Hull City Council wanted to create a landmark venue to increase civic pride, to sustain professional sport and to encourage all sectors of the community to take part in sporting activities. They commissioned a 25,000 seat stadium including community, education and conference facilities, which opened in 2002.

An aim of the development was to maximise economic benefits through the actual construction process as well as longer term, providing opportunities to local companies and using local labour wherever possible. However, they were constrained in this by anti-competitive procurement restrictions placed on public clients.

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Implementation / Approach

A voluntary aspect of the tendering process was a commitment to use local contractors and suppliers whenever possible. Birse Stadia were awarded the contract, which was worth approximately £38 million. Although a majority of works undertaken were very specialist and could only be carried out by a handful of companies nationwide, local sub-contractors, suppliers and workforce were used for non-specialist works. The Jobcentre and a project and employment Fair were used for local recruitment. The implementation of the policies was monitored throughout the contract period.

Results

- The project was Highly Commended in the Prime Ministers Award - Better Public Buildings 2003.
- The City Council were able to fulfil their aims and aspirations
- Birse have shown that they are able to adapt to the demands of public clients

Social responsibility benefits

- A total of nearly 15% of total contract costs went to local companies
- Of a total of nearly 600,000 man-hours spent in the project, around one-quarter to one-third of the workforce at any time were from the local area
- Approximately £5 million worth of contracts and a further £750,000 of orders went to local companies.

Key lesson

Despite procurement restrictions, it is still possible to ensure that local companies and communities benefit from a large proportion of contracts, suppliers and workforce opportunities, even in specialist construction fields.

Case study 2: Upton Urban Extension, Northampton – *Creating a community*

The Challenge

Northampton is rapidly expanding and needs further urban development to meet the needs of a growing population. English Partnerships (the landowner), Northampton Borough Council (the Local Planning Authority) and The Prince's Foundation (a strategic partner), decided to create a more sustainable approach and deliver a mixed-use development on an edge-of-town site, creating a sense of community and character to integrate with the existing town. This was to be in distinct contrast with the car-dependent 'out of town' developments built in the 1990s. To achieve its objective, the team would need to challenge many conventional requirements, such as transport planning, and beliefs about the approach to development on such projects.

Implementation

The partners adopted a participative approach - Enquiry by Design – that engages with stakeholders through the design process. Those involved included councillors, planners, traffic engineers, community members and other key representatives and technical support and advice was sought from a number of international design experts.

The site was developed as an extension to the existing town so a design code was prepared to define characteristic Northampton features that should be adopted on new buildings, streets and blocks. Due to the change in use of the area (from rural to suburban), a section of the A45 (T) road was re-designated as a boulevard, allowing the team to create an environment more appropriate to pedestrian and other uses planned for the site.

Results

The integrated, mixed-use design will deliver a number of social benefits, including:

- a more pedestrian-friendly environment
- a development that integrates with Northampton and allows sharing of facilities between the existing town and new development
- improved access, 'walkability' and social inclusion, with more residents able to access neighbourhood facilities, such as shops, within a five-minute walk

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These results will deliver commercial benefits to the landowner by increasing the value of the site. The detailed design of the physical urban form should also lead to long-term commercial gain by increasing land values through the creation of a community, rather than an isolated housing estate, where people want to live, work and play.

Lessons

The design of a new development is critical to its success - or otherwise - as a thriving, inclusive, mixed-use community. Adopting a definite character for a development helps to create the right environment, which leads to long-term increased value. Linking the character of the new development to that in surrounding areas should help new residents to feel integrated and hence encourage greater community links.

A participative approach to the design and planning of a development project brings increased understanding of local needs, aspirations and character. When coupled with design, technical and other expertise in an effective and well-managed way, this should lead to both a better project and a faster process of delivery.

For further information on this project, contact:
English Partnerships www.englishpartnerships.co.uk

References

Accelerating Change, Strategic Forum for Construction, 2002.

ENGAGE. How to deliver socially responsible construction - a client's guide (C627), CIRIA 2004

The social and economic value of construction, nCRISP, 2003

The value of good design, CABE, 2002

Sources of further information

There are a wide range of tools and initiatives advocating social responsibility. The following are referenced as examples only:

Business in the Community

Movement for companies committed to improving their positive impact on society – www.bitc.org.uk

Corporate management

The SIGMA project - corporate framework for management of sustainability issues – www.projectsigma.com

Corporate communication & reporting

Global reporting initiative - sustainability reporting guidelines – www.globalreporting.org

Stakeholder engagement

Enquiry by Design – stakeholder engagement in the design process – www.princes-foundation.org

Considerate practices

Considerate Constructors Scheme a voluntary code of considerate on-site practices – www.considerateconstructorscscheme.org.uk

Construction procurement

Client's charter – charter for best practice in construction procurement – www.clientsuccess.org.uk

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