



Banking & Payments
Federation Ireland

BusinessEducation.ie

Case Study

A photograph of a person's hands holding a small, vibrant green plant seedling with several leaves. The background is softly blurred, showing what appears to be a person in a blue shirt. A semi-transparent green rectangular box is overlaid on the bottom right of the image, containing the text 'Corporate Social Responsibility (CSR)'.

Corporate Social Responsibility
(CSR)



key learning outcomes

- 1 Identify the importance of community initiatives in a local area.
- 2 Explain the concepts of business ethics and social responsibility and how they relate to a modern company.
- 3 Discuss the environmental and social issues faced by firms today.

introduction

Companies today have a myriad of responsibilities which must be dealt with on a day-to-day basis. These range from communicating with all stakeholders effectively, to sourcing suitable forms of finance to meet business needs and mediating the impact of economic issues such as Brexit.

One of the most important responsibilities is the imperative to operate in a socially responsible manner.

This case study will show the impact of social responsibility on modern day companies, illustrated by the experience of four banks operating in the Irish retail banking sector: Allied Irish Bank (AIB), Bank of Ireland, KBC Bank Ireland and Ulster Bank.

Looking at the ways in which the four banks bring the ideals of social responsibility to life in their own settings gives a bird's eye view of social responsibility in action. The examples outlined here give a grounding in the principles of social responsibility and identify concrete ways in which the concept is put into practice in today's dynamic environment.



Corporate Social Responsibility (CSR) can be thought of as the ways in which a business incorporates both **environmental** and **social** concerns into its everyday functions. These can range from a company attempting to reduce its carbon footprint by recycling as much of its waste as possible, to engaging with the local community to develop worthwhile and locally needed resources and initiatives.

Environmental Concerns

Businesses today have a responsibility to act in an environmentally friendly manner, and to reduce their impact on the environment by operating in a sustainable fashion. This can be achieved in different ways. For example, sourcing raw materials from local producers where possible, or producing durable goods which have a long life in a sustainable manner (e.g. electrical goods) and disposing of goods in an environmentally friendly way.

Social Concerns

The running of a business can impact the community surrounding that business in areas such as unemployment, pollution, or giving back to the community.

Unemployment

A firm could try to employ people from the local area insofar as is possible while still maintaining the efficient operation of the business. This will provide a welcome economic stimulus to a local area.

Pollution

Businesses should attempt to limit any negative consequences they may place on the local community, for example, noise pollution.

Giving back to the community

Supporting local projects through educational initiatives, sponsorship and engaging in worthwhile local activities are examples of the way in which business can have a positive impact on the local community.

Business Ethics

These ideas centre on the concept of acting in an ethical manner. Business ethics refers to the way a company focuses on what is right or wrong, as opposed to what is profitable, when making decisions.

A business that acts in an ethical manner will usually have a strong focus on CSR as well.





CSR in the banking sector

The following examples from the Irish banking sector show how four commercial banks operating in Ireland have built CSR into their corporate culture.



Allied Irish Bank

AIB is a large commercial bank operating in the Republic of Ireland providing financial products and solutions in the personal and business / corporate markets. With over 200 branches nationwide, AIB is one of the largest commercial banks in the country.

Being socially responsible has always been important for AIB. It strives to act ethically in a range of ways, including supporting education in Ireland from primary to post graduate level.



Third Level Partnership

AIB has partnered with a number of higher education institutes in Ireland to help fund research projects and ventures which will have a positive impact on the Irish economy.

One such partnership is with University College Dublin (UCD) where AIB has invested in an **innovation and research partnership** which aims to contribute to the social and economic well-being of the country. The funds invested in this programme are used in several ways to support students i.e. scholarships, tutor support programmes and revision courses in maths. This partnership has also provided funding to establish a Chair in Behavioural Economics which will use the study of behavioural economics to contribute to economic and social progress in Ireland.

Behavioural economics is a relatively new field. It attempts to apply psychological theories to economic principles. Research in this area has the potential to impact the Irish economy and society in a very positive way by equipping Irish enterprise with talented individuals and new ideas in a cutting-edge arena. The potential for job creation and understanding the needs of the consumer in a brand-new way is enormous.

AIB has also partnered with Dublin City University (DCU) to establish the AIB Chair in the area of **Data Analytics** which aims to lead academic research in Data Analytics and the use of big data. This partnership will potentially lead to a significant increase in employment in this field – the Irish government predict that there will be up to 30,000 jobs created in this area by 2020. Such investment also gives Ireland a competitive advantage over other economies who are also operating in this area by helping to produce world class graduates with expertise in such an exciting field.





Primary and Post Primary Education

The **Future ME** programme was developed by AIB in 2014. It provides primary and post-primary students with sound money management and financial planning skills.

Future ME is an exciting and engaging series of lessons, which introduces students to the world of banking and encourages them to plan for their future. The aim is to prepare students for independent thinking so that they are financially literate and confident about their financial decisions.

The Future ME programme is a 'pick up and teach' model for delivery in the classroom. AIB supports participating schools through the provision of a comprehensive teaching pack to enable the delivery of each lesson in an engaging and relevant way. Lessons are designed in conjunction with teachers to ensure easy to understand Financial Education for students. To tie in with the Primary School Curriculum and the Junior Cycle programme, literacy, numeracy and key skills are embedded in the learning.

The development of financial literacy skills supports consumers in planning for their future in a responsible manner. In turn, there are potentially positive outcomes – consider the impact for the Irish government if most of the population could adequately and sustainably fund their own retirement. This would very positive for the public purse and public finances.



Bank of Ireland

Bank of Ireland is one of the largest financial services groups in Ireland. It has been providing banking services since 1783 and has branches in every community across the country and also has operations in the UK, Europe and the United States of America.

Bank of Ireland has been an integral part of the communities it serves for over 200 years and strives to conduct its business responsibly. In 2016 alone, charitable giving totalled €2.8m, and over 1,000 volunteer days were provided by the bank in support of local communities. Active citizenship is very much part of the company culture and is led by Bank colleagues in the communities where they live and work. An important part of the Bank's approach is support for education in Ireland, from pre- primary school to post graduate level.



Entrepreneurship and Education

As the largest lender to the Irish economy, Bank of Ireland encourages enterprise through its support for start-ups and companies throughout Ireland. Developing entrepreneurial skills for the next generation is an important element of the BoI approach.

At primary school level, Bank of Ireland employees deliver an enterprise programme for fourth and fifth classes providing young students with the opportunity to learn the basics of enterprise through its partnership with BizWorld.

For secondary schools, Bank of Ireland runs several programmes. The **BoI School Bank Programme** empowers students to run their own bank, giving them the opportunity to experience a variety of roles and providing an active learning experience. A team of senior cycle students in each school sets up and manages the day-to-day operations of the bank. The school bank team is involved in all aspects of running the school bank including marketing, money management, and team work. The programme equips students with skills for life and embeds Bank of Ireland in the local community.

Bank of Ireland additionally runs the Bank of Ireland **TY Academy** which equips students from a range of different schools with the opportunity to learn

and develop real world business and life skills. Partnering with third level institutions, tasks are set and problems posed for the students to solve. Students develop a solution to a business problem and on the final day of the academy pitch against the teams from the other schools involved. Over the course of three days, participants develop critical thinking, team work, analytical and pitching skills.





The programme gives students the freedom to develop their own entrepreneurial, team working and problem solving skills in addition to getting an insight into life at third level.

In 2016, 500 students participated in four separate TY Academies. Problem solving skills are highly sought after in economies across the world. The chance to hone these skills at a young age gives participants a significant advantage in both their education and their future careers.

Bank of Ireland also delivers financial literacy workshops to equip students with a greater understanding of personal financial planning. For the past decade, Bank of Ireland has partnered with **Junior Achievement** and delivered over 1,200 programmes in secondary schools countrywide.

Encouraging students to consider possible future careers is an important part of the education agenda. Bank of Ireland **Junk Kouture** provides thousands of students with the opportunity to experience the world of design and fashion for the first time. Bank of Ireland Junk Kouture is a national contest which encourages young designers in second level education to create striking couture designs and impressive works of wearable art from everyday re-cycled objects that would normally find its way into the bin. The competition aims to inspire teenagers, while at the same time educating them about the importance of recycling and re-using waste. In 2016, 384 schools created 1,120 outfits from recycled materials and junk, making it the biggest teen event in Ireland.



KBC Bank Ireland

KBC Bank

KBC Bank Ireland has been providing banking services here for approximately 40 years. It is part of the KBC Group, one of Europe's most recognisable financial institutions since 1978. With over 1,000 employees in Dublin, Cork, Limerick, Galway, Kilkenny, Waterford, Kildare and Wicklow, KBC are dedicated to creating a bank where the customer comes first – 'The Bank of You'.

The foundations of KBC's Sustainability Programme are built on a commitment to share their vision for better, brighter communities. KBC focus on four key themes: Entrepreneurship, Financial Literacy, Environmental Responsibility and Health & Wellbeing.



Entrepreneurship

The **KBC Bright Ideas** programme empowers people to make a difference to what matters to them and their community. Through this initiative, KBC supports entrepreneurship in local communities across the country. KBC donates funding, which in 2016 amounted to €100,000, to projects throughout Ireland that aim to transform local communities. Following a local selection process, members of the public vote online for their favourite national project. Some of the best examples of this initiative include:

- Developing a community space to grow food and generate energy in a sustainable manner.
- Equipping local communities with automatic external defibrillators (AEDs) for use in emergencies.
- Equipping indoor and outdoor areas to support children with autism and sensory difficulties.

Through the Bright Ideas programme KBC has provided over a quarter of a million in funding to worthy projects helping to improve the communities in which we live and work.

Speaking about their award as the Brightest Idea 2016, Darryl Barry from Waterford Marine Search and Rescue said: We're delighted to win KBC's Brightest Idea for 2016 ... We set up Waterford Marine Search and Rescue in January 2010 to provide Waterford city and county with a 24 hour; 365 day-a-year search, rescue and recovery service. Since then, the service has grown from strength to strength and we now have more than 50 volunteers. The funding from KBC Bank means that Waterford Marine Search and Rescue can continue to flourish and make a real difference to people in need of help in Waterford at the place and time when they need it most."



Other projects supporting entrepreneurship which KBC support include **Junior Achievement** – a programme in which employees of the firm deliver educational lessons to primary and post-primary school students and give them an appreciation of the value of work and enterprise.

KBC also support the **Business in the Community** (BITC) Schools Business Partnership with Cabra Community College, which promotes entrepreneurship ideals and aims to develop the skills needed to succeed in the workplace.

Financial Literacy

KBC strive to develop products and services which contain simple and clear financial information. Because financial information can be difficult to understand, the bank holds mortgage events and investment evenings to support customers in understanding their products and services. Bringing together mortgage advisors from KBC, estate agents and solicitors, all under one roof, attendees are taken step-by-step through the process of buying their first home, from demystifying the mortgage process to finding the right property and closing the sale.

Environmental Responsibility

KBC has a long-term green strategy which aims to reduce the company's impact on the environment. Energy audits contribute to reducing energy usage, and some 97% of company waste is recycled. These actions contribute to a lower carbon footprint for KBC bank and highlight it as a socially responsible firm.



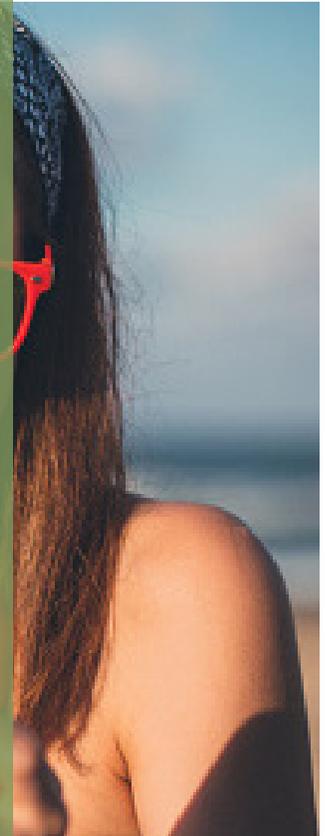


Ulster Bank

Ulster Bank, a subsidiary of the Royal Bank of Scotland, employs approximately 3,000 people and provides personal and business banking services to 1.1 million customers in the Republic of Ireland.

The bank reports its sustainability performance annually and holds the Business Working Responsibly Mark – Ireland's highest sustainability standard, awarded by Business in the Community and based on the ISO 26000. In 2015 Ulster Bank won the Chambers Ireland Outstanding Achievement in CSR award. As a subsidiary of RBS, it has also signed up to a range of sustainability standards such as the Equator Principles, the UN Global Compact and the UN Environment Programme Finance Initiative.

Ulster Bank is focused on investment in two key areas where the bank can lead change and add long-term value to its communities and the economy generally: Financial Capability and Enterprise & Innovation.



Financial Capability

Ulster Bank has for the past 10 years been delivering financial education in schools. Its MoneySense programme is Ireland's largest free financial education resource for students, providing online learning resources, videos, case studies and interactive activities that make learning about money fun and relevant. 200 Ulster Bank employees currently support the programme by delivering MoneySense workshops in the classroom.

The bank recently extended www.mymoneysense.com to include new materials for younger children and for parents and carers – believing that everyday examples from home and family life offer the best opportunities to learn about money.

Supporting Equal Opportunity in Education

Since 2005 Ulster Bank has provided funding to the DCU Access programme. This offers extra supports for students from disadvantaged backgrounds to help them achieve a university education. 64% of secondary school students in Ireland go on to higher education, but only 26% of students from disadvantaged areas do so. The access programme helps to break this cycle of educational disadvantage.



Today, over 10% (1,285) of DCU students avail of Access supports. These are highly capable students who may not otherwise have gone to university. Now, their opportunities are greatly enhanced. 93% will typically complete their studies, 53% progress to post graduate level and 96% achieve full-time employment.



Supporting Entrepreneurs and Innovators

Ulster Bank has a strong commitment to innovation in all its forms. Apart from digital innovation for customers, the bank is the key sponsor of Young Social Innovators (YSI) – an education charity offering social innovation learning to secondary schools throughout Ireland. YSI helps to tackle social problems, such as bullying, homelessness, racism, environmental issues and poverty, in an innovative and entrepreneurial way.

Social innovation is a new way of thinking, of creating new solutions to the problems of our times – local and global. YSI enables young people to take responsibility for the issues they care about, encouraging them to be the change for good in their society.

Supporting good causes in the community

Apart from quality education, a range of skills are needed in a modern, developed economy. In 2015 Ulster Bank introduced the Skills and Opportunities Fund, a 3-year RBS bank-wide Fund providing grants to help people from disadvantaged backgrounds gain new skills to find work or start a business. Since it started the Fund has distributed grants totalling €321,000 to 15 community organisations who are working to support enterprise and education projects on the ground in local communities throughout Ireland. Over 6,000 people have benefited from these projects, including a group of 100 young people in Cork who developed new skills in bike mechanics and bike maintenance. This in turn has helped people to buy affordable, good quality bikes while also promoting youth employment in the Cork area.



conclusion

There is an imperative on companies today to operate in an ethical and socially responsible manner. This extends to a firm's dealings with stakeholders and impacts on its public image.

The banking sector in Ireland has experienced shock and turmoil in recent years, and the public image of banks is sometimes cast in a less than admirable light. However, the many programmes and initiatives outlined here, show a commitment to being responsible members of Irish society and to supporting it.

The potential financial savings from the supports and investment provided to Irish education are significant. Sound financial education raises awareness of financial risk and highlights the importance of planning for the future.

Apart from financial impact, the positive effect of volunteering, and the impact on society of causes supported by the banks, show a sustained commitment by the sector to acting ethically and socially responsibly.

The support provided to enterprise initiatives will positively impact the next generation of Irish entrepreneurs. When considering sustainability, environmental awareness and future planning, Bank of Ireland's Junk Kouture competition; KBC's Bright Futures programme; Ulster Bank's Young Social Innovators project and AIB's Future ME – all show just a hint of the commitment the banking sector has to acting socially responsibly in their business operations, and serve to highlight their positive impact on local communities.



activity

- 1 What is meant by Corporate Social Responsibility (CSR)?
- 2 What are the benefits of CSR
(i) to the firm engaging in CSR and
(ii) to society?
- 3 Outline the different ways in which firms may engage in CSR.
- 4 Evaluate the methods of corporate social responsibility employed by the following four companies in the Irish context:
 - a Allied Irish Banks (AIB)
 - b Bank of Ireland
 - c KBC Bank Ireland
 - d Ulster Bank

about

BusinessEducation.ie is an online resource created for Leaving Cert Business, Economics and Accounting students and teachers. The site contains a wide range of support tools including:

- Sample Exam Questions & Answers and Case Studies written and assessed by experienced teachers
- Up-to-date economic indicators for Ireland including definitions and commentary
- Links to the important business news stories of the day
- Email alerts when new content is added

BusinessEducation.ie is developed by Banking & Payments Federation Ireland (BPF) in conjunction with the Business Studies Teachers' Association of Ireland (BSTAI). The content on the site is written and assessed by experienced teachers with the assistance of BPF's Economist. For further information contact us on <https://businesseducation.ie/contact-us/>

photo credits

Julian Hilligardt / photocase.de
misterQM / photocase.de
adina80xx / photocase.de
Dotti / photocase.de
archimede / photocase.de
onemorenametoremember / photocase.de
esliabeth grebe fotografie / photocase.de
real-enrico / photocase.de
complize / photocase.de