3. Social skills to develop your business in a sustainable way – BTCH

3.1 Leadership

The concept of corporate social responsibility (CSR) revolves around the notion that organizations can and should take a broader account of how their actions impact society and other stakeholders, including employees, shareholders, communities, customers, and the environment.

One vital way these organizations develop leaders is through a Corporate Social Responsibility ("CSR") strategy, using CSR as a strategic tool to advance their leadership agendas, and drive business growth. More specifically, leading companies have discovered that CSR directly helps them to attract, develop, and inspire leaders--at a time when concerns for social responsibility, ethics and integrity, and the public good are at a record high.

Today the need for leaders--able, inspired and capable ones--is greater than ever. Leaders must not only have the capacity to lead complex organizations with global scope and scale, they must demonstrate visionary thinking, and an ability to execute, uphold the highest ethical standards, and develop others at all levels.

Ethical leadership refers to the values and acts of leadership that conform to ethical norms. It can be described as the display of proper social behaviour through personal acts and interpersonal relationships and the encouragement of such conduct to followers in a two-way contact process (Brown et al., 2005).

Corporate social responsibility (CSR) is defined as a philosophy whereby businesses voluntarily incorporate social and environmental, ethical and human rights issues in their business activities and relationships with their stakeholders (EC, 2011).

Leadership involves a *relationship* between an individual (leader) and one or more followers based on leader behaviours that engender intense, favourable reactions and attributions on the part of followers" (Waldman et al., 2006a; referencing House, 1996; House & Aditya, 1997). Key associated behaviours include providing a sense of mission, articulating an inspirational vision based on a sense of purpose that challenges the status quo, the demonstration of determination when accomplishing goals, and questioning assumptions (Waldman et al., 2006a).

A visionary leader can take charge and lead a group naturally, sharing a compelling vision that inspires others to be engaged and follow them, going beyond an organization's **vision, mission, and values**, even though, it also penetrates and has a big impact on the work environment. Thus represents the pillar for improving and developing social skills for fostering the sustainable business development.

Visionary leaders understand that they cannot impose a vision, command engagement or order to be followed. A visionary leader inspires and shares a vision, and it has accomplished when there is a common purpose between the leader, team and the organization.

Leadership, within the CSR principles application, should include the follow factors:

- Integrity
- Cognitive trust
- Honest
- Trustworthy
- Principled decision makers

Within the CSR leadership, the most appropriate terminology is not just related to a "Leader" within the organization, but about an "Ethical Leader" that can use and apply in its strategy for business development the set of CSR principles.

The principles, on which the Ethical Leader bases its business strategy, should include:

- Ethical Leaders Respect Others (They treat people with dignity)
- Ethical Leaders Serve Others (They are altruistic)
- Ethical Leaders are Just (They are concerned with principles of justice)
- Ethical Leaders Are Honest (They are truthful)
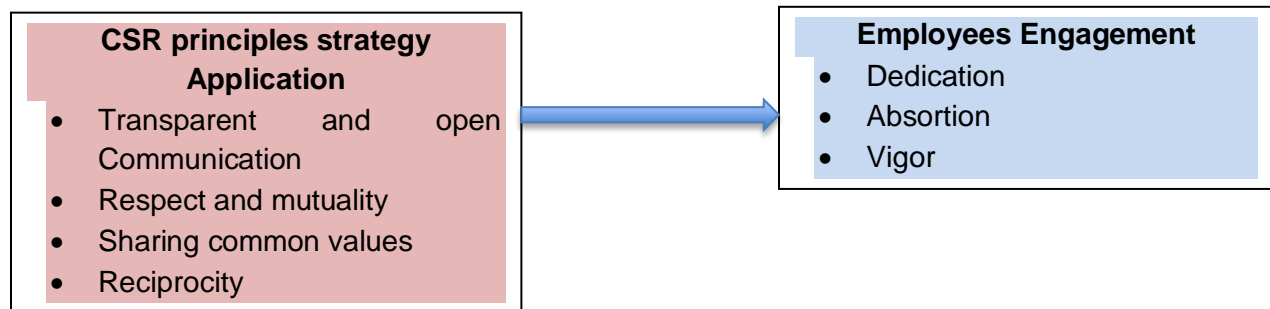- Ethical Leaders Build Community (They are concerned with achieving a common goal with civic virtue)

3.2 Motivating/ Engaging employees

The impact of Corporate Social Responsibility (CSR) on firm performance is an important issue that puts in attention towards aspects on an individual level, like the relation between CSR and work satisfaction or work engagement. CSR activities, within an organization, shape organizational outcomes by affecting employees' motivation. Findings indicate that CSR activities both on a firm and on a supra-organizational level have a positive impact on intrinsic motivation of employees. Therefore, the commitment to CSR can be applied as an effective instrument to induce intrinsic motivation without compromising extrinsic motivation.

Corporate social responsibility (CSR) reveals to be a sensitive topic for organizations, as CSR has "drastically transformed corporate entities in the way they conduct their business practices and function in the social environment where they operate" (Okpara & Idowu, 2013, p. xv).

Today, in this rapidly changing business world, organizations focus more than ever on corporate social responsibility as a strategy to achieve their overall business objectives and attain sustainability. The first well-established definition of employee engagement was "harnessing of organizations members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances" (Khan, 1990: p. 694). Employee engagement could identify as one of the major contributors to face competitiveness (Aktar & Pangil, 2017). Further, engaged employees are vital in achieving the competitive advantage because all other production factors could be initiated by the competitive organizations except the human resource (Ncube & Jerie, 2012).

The theories of engagement primarily focus on the relationship between employees and their organization, and the theories of CSR focus on the relationship between the organization and the community they operate. Interestingly, employees represent a considerable quota of that community. The conceptual framework for motivating and engaging employees using CSR provides the follow scheme:

CSR principles strategy Application	**Employees Engagement**
• Transparent and open Communication • Respect and mutuality • Sharing common values • Reciprocity	• Dedication • Absortion • Vigor

The high CSR performance of the company is depended in part on a company's employees, who have various attitudes towards sustainability matters.

The employees' perceptions of their organizational CSR may influence how well CSR is done in the lodging sector of tourism.

When employees are aware of the organization's involvement in CRS, they perceive that together with their organization they can make a positive difference for other people and for the environment. The awareness of CSR initiatives in the tourism sector employees related positively to extra-helping behaviour and personal initiatives. As a result, employees' awareness of CSR activities was the main factor that drew positive results.

Sustainable development drives the need for the adoption of CSR in companies, and adequate means of monitoring its success to be able to operate to its full potential in the current world, driven by the awareness of sustainability issues. Organizations and employees should take the concept of sustainable development as a guiding principle in all its activities to ensure good lives for the future generation. However, even though the CSR concept had been studied extensively, several studies found the gap in knowledge.

Employee engagement, also called "commitment" or "motivation", refers to a psychological state where employees feel a stake in the company's success and perform to a high standard that may exceed the basic requirements of the job.

Among all, an important approach/factor to ensure the employees' engagement and motivation is related to the "Meaningfulness" that corresponds to the feeling of return on investment of efforts, safety to the ability to express oneself freely without fear of consequences and availability to self-efficacy, available resources and one's belief in being competent to perform one's work.

The employees will become engaged in their work if the specific conditions or three needs related to their work are met. These are psychological meaningfulness, psychological safety, and psychological availability. People experiencing meaningfulness feel worthwhile, useful, and valuable. A meaningful job for an employee will be challenging, varied, will provide feedback and growth opportunities, rewards and recognition, and will be flexible and autonomous to some degree. With the help of these factors, employees will express themselves in work situations and as a result will become more engaged in their work.


CSR Employees Motivation-Engagement - Critical success factors

Having felt the responsibility of performing well, Individuals start to respond to higher expectations with higher engagement. Similarly, autonomy refers to the freedom of scheduling of the work and choosing procedures to carry it out. The satisfaction of autonomy motivates employees to be more proactive and engaged. Likewise, feedback aids in employees' feeling of meaningfulness because it helps to evaluate their progress towards goals and gives a feeling of being valued, known and appreciated.

Employees 'engagement depends on employees' perceptions of CSR strategies and upon the way CSR strategies are led and communicated to them.

The importance of specific CRS action would motivate employees even further to engage voluntarily. Employees may as well perceive the involvement of management as a factor proving CSR value and enhancing employees' engagement. In contrast," a lack of senior management participation caused some employees to question the values of leadership and the reasons why the organization asked them to engage in CSR".
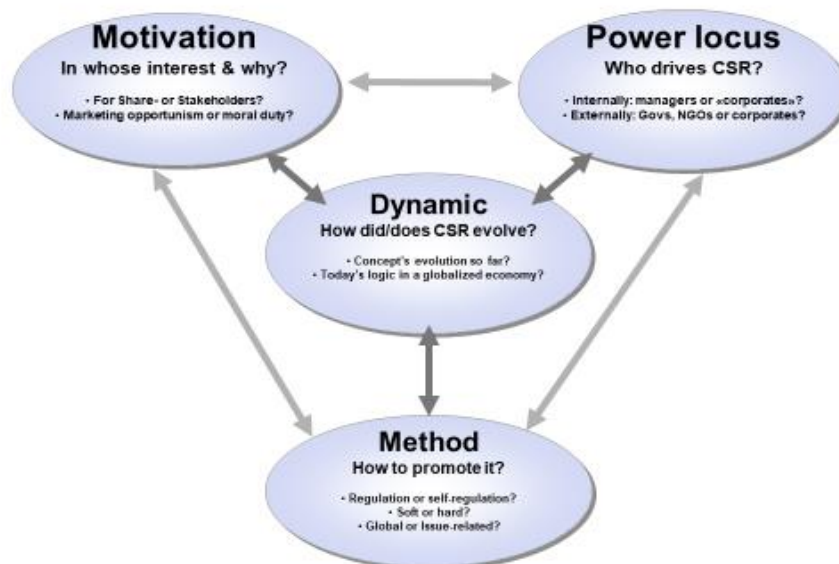
3.3 Stakeholders identification, involvement and engagement

An organisation does not exist in isolation. It relies on multiple interdependent relationships with customers, employees, suppliers, communities and investors; in other words your organisation's stakeholders.

The social responsibility of the company is based on the commitment with the interested parties for the achievement of corporate sustainability. Cultural and structural factors, the values of the organization, management style, empowerment and teamwork should be considered together, when adopting a CSR strategy, especially if it is aimed at developing innovative behaviour.

Stakeholders including investors, customers, regulators, communities, and NGOs see the value of sustainable strategy to an organization.

Consumers are increasingly demanding more sustainable products and services as they seek to achieve their own sustainability and business goals. Increasingly, employees are seeing sustainable organizations as employers of choice.

CSR drives value because it focuses on levers that drive opportunity, mitigate risks, reduce resource utilization, and leverage cooperation and collaboration. In addition, taking a broader holistic approach to organizational management by considering local and global communities, resource scarcity, air quality, and the health and happiness of employees creates a more productive and effective workplace.

Stakeholders are all the physical or legal entities that interact with a company and its business. This ranges from internal employees to customers, business partners, public authorities and suppliers.

Different stakeholders have **different relationships** with the company:
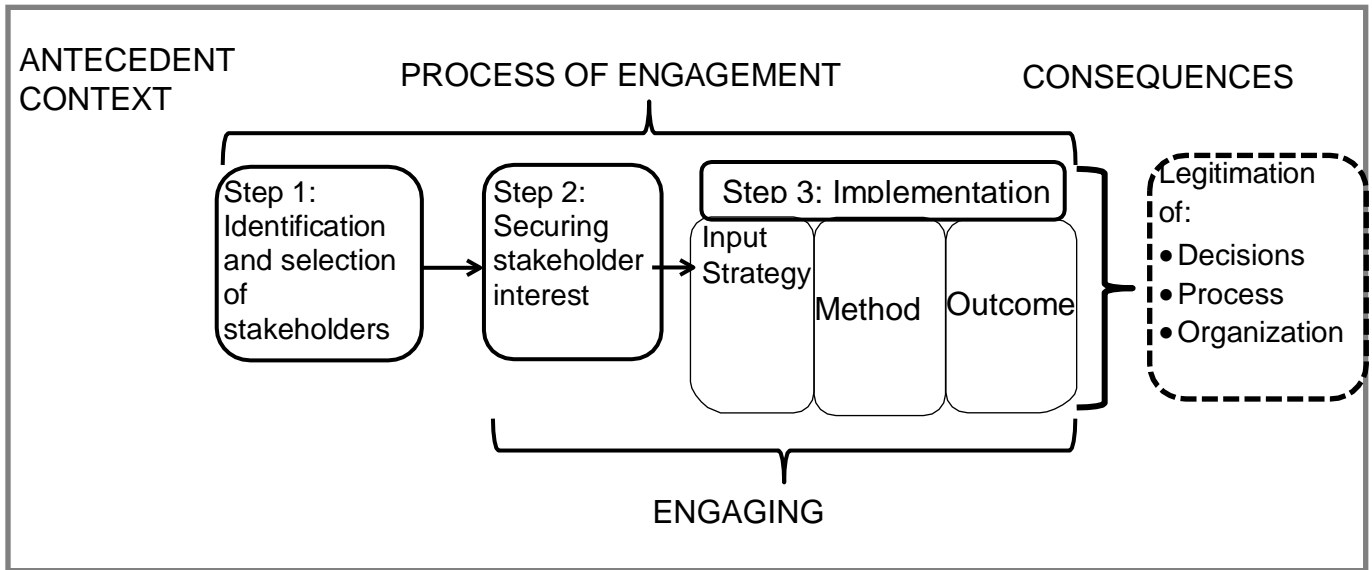
- Active economic stakeholders (suppliers, business partners, customers, employees)
- Observers and/or influencers (non-profit organisations, trade unions, lobbies, government)
- Beneficiaries or victims, depending on the positive/negative and direct/indirect effects of the company's activities (local communities, etc.)

Corporate social responsibility grants stakeholders a far more important role than before. They have become an essential component of the strategy. A responsible company's 'impact culture' is built on the balance between its economic, environmental and social concerns. **CSR teams** are tasked with protecting this balance and setting impact improvement targets. Another of their tasks is to ensure transparency and an inclusive approach to stakeholders.

A company's prosperity depends partly on creating shared benefit since without its stakeholders, a company cannot continue to develop and evolve.

This added value opens the way for **collaborative innovation** and the possibility of creating tailored products and services. It also helps to provide a holistic view of your CSR strategy.

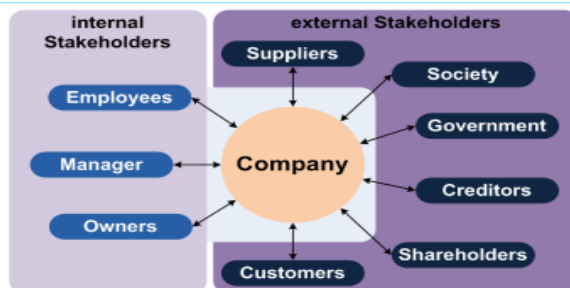A process model of operationalizing stakeholder engagement in CSR:

ANTECEDENT
CONTEXT

PROCESS OF ENGAGEMENT

CONSEQUENCES

Step 1:
Identification
and selection
of
stakeholders

Step 2:
Securing
stakeholder
interest

Step 3: Implementation

Input
Strategy

Method

Outcome

Legitimation
of:
- Decisions
- Process
- Organization

ENGAGING

Stakeholders' identification

Corporate Social Responsibility is a process to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, shareholders and all other members of the society who may be considered as stakeholders.

The identification of all the company's stakeholders is the first and crucial step to achieve an effective stakeholder's involvement and engagement, supporting the achievement of the organization's CSR Strategy goals. In this context, it is particularly important to identify these **stakeholders' expectations** of how the company manages its impact.

When launching a CSR Strategy, the organization must already have a vision of the **sustainable commitments** and objectives it wishes to achieve. However, its vision is internal and personal. Other stakeholders may potentially have a different view of what the company's priority should be. It is therefore important to do extensive research and include the results in your CSR strategy.

Who are the stakeholder groups?

internal
Stakeholders

external Stakeholders

Suppliers

Society

Employees

Government

Manager

Company

Creditors

Owners

Customers

Shareholders

CSR stakeholder mapping is a first phase in engagement with stakeholders. Discussions with major stakeholders present an opportunity to generate organisational interest in CSR, in that such exchanges can facilitate the development of more practical steps towards implementation. The

Stakeholders mapping, as a core part of the stakeholders identification, should base on 3 main steps:

- **Mapping:** definition and listing who are the direct and indirect key players that interact with the organization
- **Diagnosis** in the form of a contextual analysis.
- **Stakeholder consultation**. A double consultation process should be carried out with a panel of internal and external stakeholders, representative of the Group.
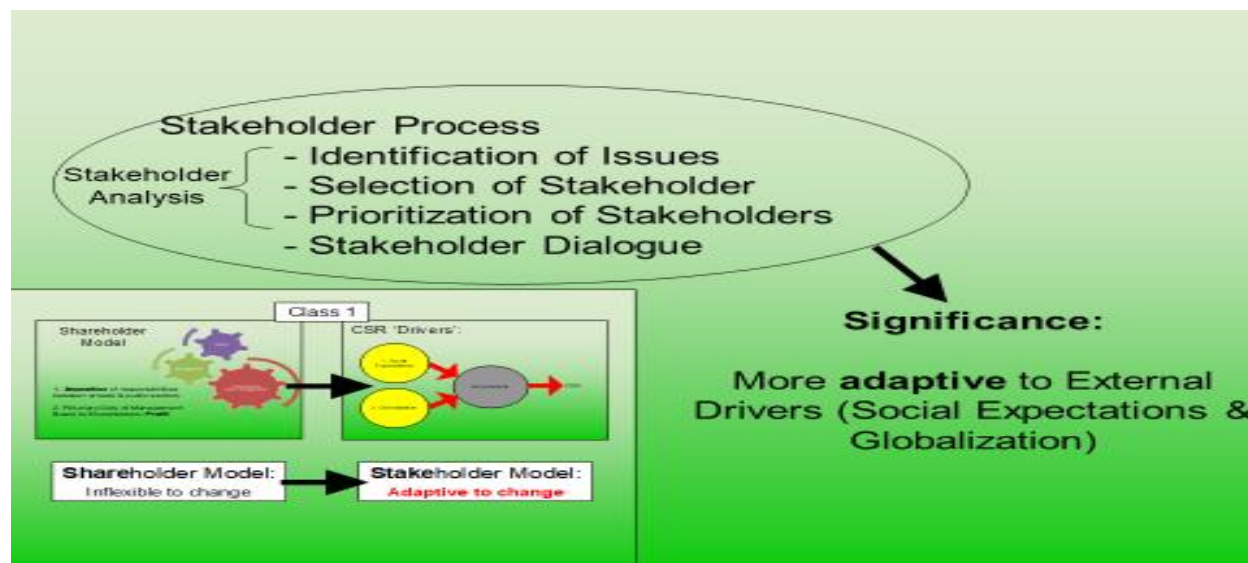
Stakeholders' involvement and engagement

The Stakeholders' involvement and engagement in CSR within the Tourism industry follow a specific CSR Framework that does not differentiate from the other business sector where CSR principles are applied. The concepts, approaches and theories that are described should be contextualized with the specific characteristics of the Tourism Industry.

CSR is characterised by strategic choices that are incorporated into a firm's business strategy and linked to its brand personality. For effective CSR performance, it should positively affect societal outcomes and be expressed through corporate communications, with the intention of informing and influencing the firm's key internal and external stakeholders in a way that is seen to add value.

Stakeholders have a special role in CSR implementation. To gain firm values, meeting stakeholder requirements is prioritised, in order to ensure their engagement.

Given that CSR is a corporate commitment to operating a business in a manner that meets or exceeds the economic, legal, and ethical expectations demanded by society, stakeholder engagement is the essence of CSR.

Companies are now expected not only to be aware of their stakeholders' needs and wants but also to actively engage them in the decision-making process.

Engaging in a constructive dialogue with all its stakeholders enables to feed the CSR strategy of the Group on a regular basis. Such momentum is based on a detailed knowledge of our stakeholders and their specific expectations.

Stakeholder engagement includes the formal and informal ways a company stays connected to its stakeholders (the individuals or parties that have an actual or potential interest in or impact on the company, its operations and financial results). Stakeholders often have the ability to influence the success (or failure) of a company at various levels. A primary objective of corporate stakeholder engagement is to build relationships with stakeholders to better understand their perspectives and concerns on key issues (including CSR issues) and to integrate those perspectives and concerns (when and where feasible and prudent) into the company's corporate strategy.

Companies tend to recognize certain value associated with stakeholder engagement raising awareness is a key element to implementing CSR. If you want to engage stakeholders in your strategy, it is important to ensure that the different **concepts of sustainable strategy** are understood.

Informing stakeholders about sustainable issues helps to raise their awareness, make them responsible and engage them in the company's collaborative and **inclusive approach**.

The **collaborative process** is ongoing and the company must be **transparent** about its strategy and the actions it decides to take. It must learn to communicate honestly and be open to feedback and dialogue. Beyond the idea of **stakeholder accountability**, the company should seek to provide a space for co-creation that builds **sustainable business relationships**.

Sustainable reports, newsletters, social networks and meetings are some of the ways you can communicate about a company's actions.

Stakeholder engagement provides three key benefits:

- It Drives Innovation - By engaging stakeholders, organisations are able to identify new business opportunities as information flow is improved.
- It Builds Social Capital - social capital for Economic Co-operation and Development as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups". In today's world, social capital should be considered at least as important as fixed assets as benefits include greater access to information, improved influence and the benefit of support rather than scrutiny should unexpected problems arise.
- Risk Reduction - In a society where global communication takes place at the push of a button; stakeholder engagement can provide an early warning signal for potential risks such as apprehension regarding products and social and environmental impacts.

Engaging stakeholders consistently and from the beginning enables companies to design a programme that helps to identify appropriate standards and approaches to CSR management, recognising that some stakeholders are extremely knowledgeable and may even be involved in the development of these standards and codes. This is extremely valuable when evaluating the options available for CSR reporting.

The development and maintenance of meaningful relations with stakeholders encompass a set of practices through which dialogue between actors emerges as a central aspect.

Dialogue between stakeholders is important, because it is a channel that goes beyond the traditional communication process to reach a closer form of understanding. Stakeholder dialogue should be viewed as an advanced form that supports engagement and emphasizes mutual responsibilities for information sharing, transparency, and commitment in order to identify problems and determine solutions.

Once companies identify whom their stakeholders are, dialogue should take place in an environment that allows participants to interact in the present while simultaneously recognizing the contributions of both the past issues and the potential future issues.

The ways through which dialogue occurs may differ according to the context, the organization, and the actors involved.

Each action developed by an organization can influence the process regarding how stakeholders interact with it. There is a need to create closer relations in a certain context with the focus on a following engagement. Given this context, there is a requirement to move the focus of stakeholder dialogue away from the organization-centric perspective toward multicentre logic, in order to explore how one may instigate and continuously motivate actors such that they are.

The definition and development of an effective stakeholders dialogue is the first main step that can ensure then a successful stakeholders involvement and engagement. Following this point of view, stakeholder engagement is assumed to be the last phase in the process of connecting stakeholders with the company's goals. Stakeholder engagement encompasses a set of practices to create and manage an "*environment*" that may deal and cooperate with stakeholders in a dynamic way.

A process model of Stakeholders engagement is a trusted approach in facilitating the identification of elements within complex circumstances and the relationships between those elements. This process should be structured following a logic matrix of different elements as:
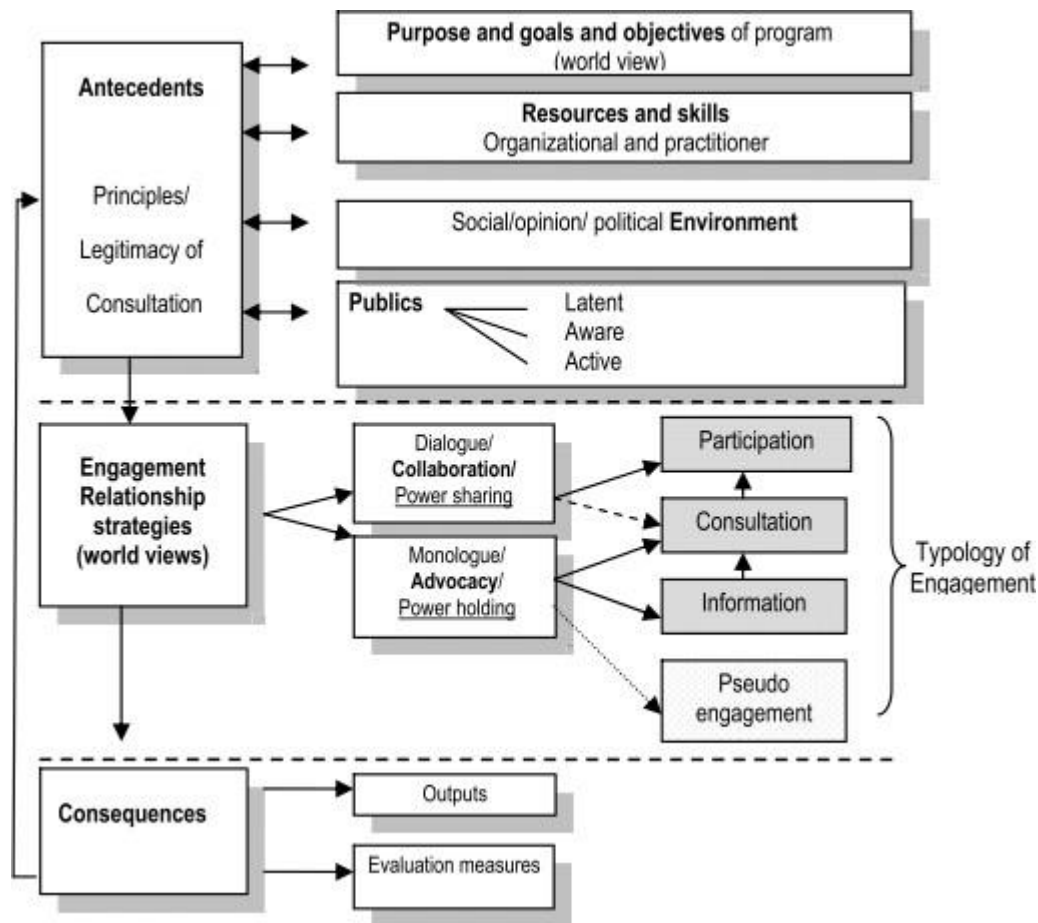
Therefore, stakeholder engagement process requires multiple dimensions as well as an intensive dialogue among parties. It is necessary to dig deeply into the relations to create real and effective interactions within society. Beyond observing the relationship among stakeholders, it is necessary to closely interact with different facets of the company, such as employee engagement, supplier engagement and consumer engagement.

Considering these characteristics, good relationships among stakeholders in a multi-stakeholder network are those that develop under conditions of fairness, transparency, and honest engagement through dialogic processes that ensure that mutual interests will be considered even if they are detrimental to individual needs and interests.

In this context, what can be considered as a fair, open, and honest relationship – even when the consensus of interests is not possible – is a relevant issue for debate. Therefore, stakeholder engagement assumes this ongoing process requires multiple dimensions as well as an intensive dialogue among parties. It is necessary to dig deeply into the relations to create real and effective interactions within society.

3.4 Communication and empathy

CSR communication is a communicative practice, which corporations undertake to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.

CSR requires that whom operate and apply CSR principles must have specific and tailored skills and competences on Communication, matching the CSR approach and ethical conduct.

Communication is an important part of a business, in both the internal communication that must be mediated between employees and different departments, as well as the external communication that must take place to the stakeholders who are connected to the organization. Such skills must include different components that match the **Corporate Social Responsibility Communication** expressed in the **CSR** mind-set. Since **CSR** is considered as a 'way of thinking' and is part of the organisation's core business, **communication** must highlight its role as a valuable component of corporate culture to all stakeholders. CSR in communication processes puts the interests and requirements of stakeholders at the centre of the organisation's attention. It combines stakeholders' interests into all strategic decisions and procedures in order to reinforce member identification.
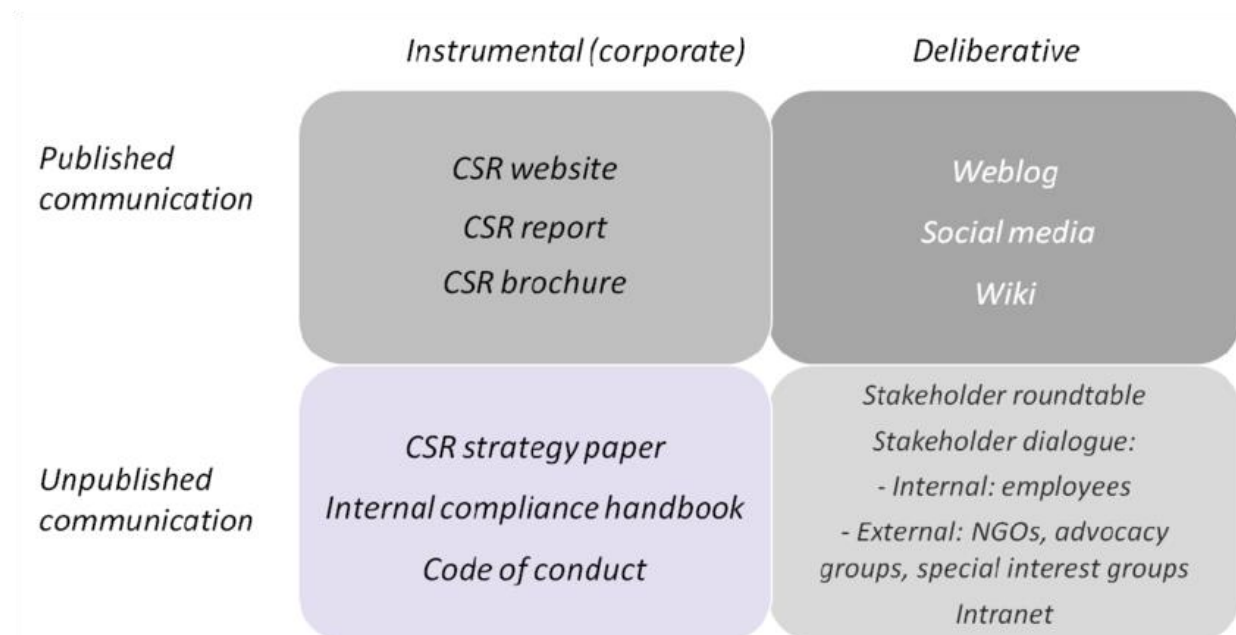
CSR communication is a difficult undertaking because it bears a variety of threats and opportunities. For this reason, the right CSR communication strategy is essential to effectively influence consumer attitude and behaviour.
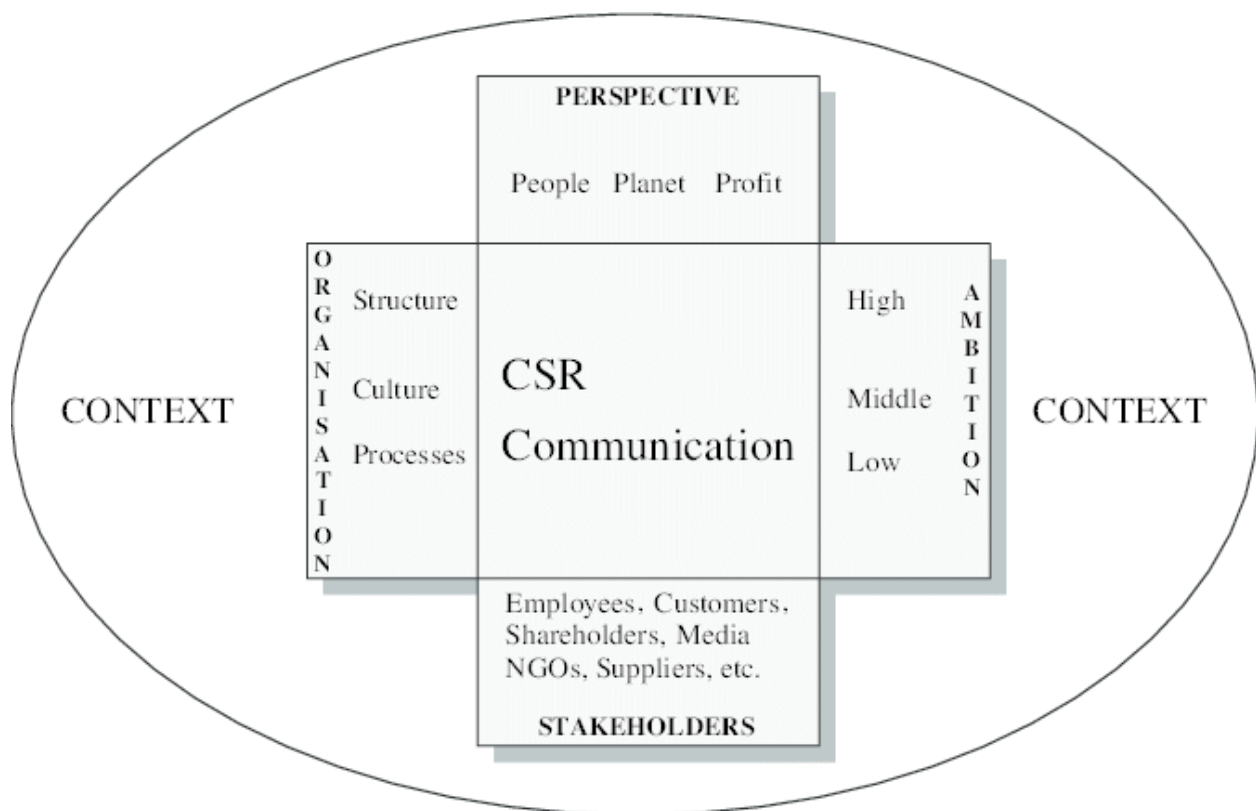
Creative communication (presence of striking, relevant, and understandable content) is essential components for a CSR communication that is not a merely transmission of information (i.e. objectives, intentions, activities), but it goes beyond that because is it based in a continuous process of exploration, construction, negotiation, and modification among different actors.

Communication on Corporate Social Responsibility should be based on a bilateral interaction that engages stakeholders in the communication process while developing and implementing a CSR strategy, enabling establishment of the dialogue. The communication toolkit of implementing the

CSR strategy on establishing dialogue with stakeholders should take into account different and tailored approaches and tools that should be used for this purpose. These tools and approaches for organizing a stakeholder communication process, take into account communication barriers at each stage: creation, encoding, transmission, receiving, decoding and responding.

	Instrumental (corporate)	Deliberative
Published communication	CSR website CSR report CSR brochure	Weblog Social media Wiki
Unpublished communication	CSR strategy paper Internal compliance handbook Code of conduct	Stakeholder roundtable Stakeholder dialogue: - Internal: employees - External: NGOs, advocacy groups, special interest groups Intranet

While "Empathy" is the capacity to understand or feel what another person is experiencing—and here is the important bit—from within their frame of reference. It is often incorrectly confused with or assumed to be the same as sympathy.

There is a deep connection between empathy and genuine CSR built on a company's core values. Where values like honesty and social justice are prioritized, empathy becomes the bedrock of social initiatives. Companies are made up of employees, each with their own individual and shared experiences, social groups, and cultural differences. Listening to and identifying empathetic employees who are passionate about causes can help inspire support and push for social initiatives their company can then stand behind. Empathy is also a way for companies to put their employees first and truly get to know more about them and what motivates and drives them.

The Empathy, within the CSR practices and communication fosters a faster process of successful stakeholders, employees and customer's engagement, achieving in a deeper and sustainable way, a long-term influence of its benefits.

In this case, for example, the CSR Empathy in its self can have an indirect effect of employee empathy on customer loyalty (CL) and loyalty outcomes through intervening variables, i.e. customer affective commitment, perceived service quality, and customer satisfaction.

Everybody has a degree of empathy and anybody can develop and cultivate their empathy using approaches and developing specific skills and competences, as:

- Understanding its own biases
- Reading fiction and other activities to put you in someone else's shoes
- Maintaining positivity
- Understanding its own customer base
- Get feedback from its own peers and customers

Expressing empathy is as important as cultivating it and helps to deliver great customer service. Customers need to know that the organizations do understand how they feel through words, tone of voice, body language, and other cues depending on how the conversation is happening. Some

ways, that are part of the requested skills and competences, in which it is possible to empathize with a customer, are related to:

- Active listening
- Avoiding sympathy
- Keeping its own attitude in check
- Giving people the benefit of doubt
- Making customers a part of the solution
- Looking for common interests
- Always be respectful
- Responding to the customer's tone
- Be extra careful when there is a language barrier
- Take their side when they are right

3.5 Innovation

CSR concept has evolved over time and has changed the way innovation is conceived. The state of art shows that CSR activities have been responsively introduced to achieve the stakeholders' needs and standards, to become gradually more strategic activities.

Sustainable innovations are effective tools to foster CSR activities and, therefore, social performance. In this context, the CSR-innovation influence is driven by specific channels such as the company's competitiveness, strategies' developments, and framework.

Innovation are the foundation of business competencies. CRS and innovation has emerged slowly over the past decade and their improvements in the CRS process can refer to as 'social innovation'. The only successful brands of the future will be the ones that see these challenges as opportunities for innovation, rather than risks to be alleviated. CSR represent "the integrity with which a company govern itself, fulfils its mission, lives by its value, engages with its stakeholders, measures its impact and reports on its activities". CRS and innovation mainly refers to Corporate Social Innovation, which is related to a product innovation with a social purpose.

In addition, corporate social innovation focuses as change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better.

The key skills and capabilities that businesses need to look for when hiring and developing talent to drive social innovation are a core aspect of CSR business growth. These key skills include:
1. Creativity—taking multiple inputs to come up with new ideas to solve issues;
2. Dealing with ambiguity—can handle change and uncertainty;
3. Business acumen—wide view of business and operating environments;
4. Motivating others—at all levels in the business to work collectively;
5. Interpersonal savvy—social connectedness, open minded and adaptable;
6. Perspective—looks towards the broadest possible view of an issue/challenge;
7. Listening—practices attentive and active listening with patience to hear all sides;
8. Dealing with paradox—flexible and adaptable to combine seeming opposites

Its key recommendations to companies on embedding social innovation into company culture in such a way that staff with these skill sets can thrive are:
- Define a social purpose and make it core to business activities
- Embed social innovation in leadership communications and actions
- Establish a social innovation role and create social innovation champions in departments
- Include social innovation in the learning and development plans of all functions
- Foster an environment that encourages cross-functional collaboration
- Collaborate with wider stakeholders who have skills and knowledge
- Include social impact assessment within reward frameworks
- Establish measure and report on social innovation activities and social impact outcomes.

Beyond attracting and developing talent with the above skills in order to embed social innovation within a company, the following will help build the right culture and work environment to ensure the integration of social innovation into core business strategy:
- People—support and encouragement from the top of the organization on down, giving employees the time and space to deeply explore social issues and idea generation;
- Processes—have the framework in place to be able to collaborate internally and externally, including creating forums to frame social issues;
- Systems—define measure and communicate performance metrics to ensure the company delivers and maintains high-impact activities.