

Corporate Responsibility: Insight from a Construction Small and Medium Enterprise (SME) in the UK

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Abstract. Construction organisations (SMEs in particular) are now taking a responsible attitude, going beyond the minimum legal requirements. In line with the UK Government's innovation objectives under The Strategy for Sustainable Construction, organisations are looking to develop and implement management systems to address the corporate responsibility (CR) aspects of the business. This paper investigates the initiation, development and practice of CR in construction organisations, and presents a case for possible adoption for construction SMEs. By combining key indicators of CR and achieving business success and competitive advantage, the pervasiveness of CR for construction SMEs is determined.

Keywords: corporate responsibility, construction, small and medium enterprise, SME, UK.

1. The UK Construction Industry

The UK construction industry (CI) generates an estimated output worth over £100bn a year, accounts for 8% of national gross domestic product (GDP) and employs around 3 million workers. Construction expenditure in the private sector amounts to two-thirds of all procured contracts and small and medium enterprises (SMEs) represent of 80% of the UK CI [1]. The SMEs in the UK CI accounts for approximately 40% of GDP and is a major contributor to local economies [2]. This reflects the significant impact of SMEs within the sector, and also reflects the competition among the organisations to win more work. In the present economic slowdown and recession, the race is now to gain competitive advantage over their competitors. According to Robbins *et al.* [3] SMEs are important to the economic vitality of cities, states and the countries due to their significant number and employees. However, they tend to display vulnerability in facing up to various conditions prevailing in a country's economy resulting in business failure. The ability of SMEs to turnaround their companies are constrained due to the limited access to financial resources and capital [4]. The sluggish grown and the lack of liquidity in the industry is forcing organisation to be different, or be in the danger of going out of business. With its weight on its shoulders, the SMEs carry the burden of leadership and change – and to have a positive impact on development, business and society – construction sustainability is high in the agenda.

Led by the Department for Business Innovation and Skills (BIS), the UK Government has taken the first step in spearheading sustainability in construction. The Strategy for Sustainable Construction [5] is a joint industry and Government initiative intended to promote leadership and behavioural change, as well as delivering benefits to both the CI and the wider economy. It aims to realise the shared vision of sustainable construction by providing clarity to business on the Government's position by bringing together diverse regulations and initiatives relating to sustainability; setting and committing to higher standards to help achieve sustainability in specific areas; and making specific commitments by industry and Government to take the sustainable construction agenda forward [1]. The strategy acknowledges the need for changes to achieve sustainability for the industry. The business case for the sustainable construction agenda

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encapsulates construction organisations and their wider supply chain by increasing profitability through a more efficient use of resources, procuring sustainable products or ways of working and the opportunity to improve organisational image and profile in the industry by addressing issues relating to Corporate Responsibility (CR) or Corporate Social Responsibility (CSR).

2. Corporate Responsibility in Construction

The CR/CSR acronym is being described as the ‘the hot business issue of the noughties’ [6] and ‘the talk of the town in corporate circles these days’ [7]. However, the notion of CR/CSR means different things to different people, in different contexts, and for different purposes. As a result, a large gap exists between ideas and concepts, on the one hand, and practical applications and implications, on the other [8]. Gaps also exist between new expectations and capabilities in place. Investors, as well as policy makers, would be well served by the availability of tools to reduce ambiguity about decision and choices in this general domain. Much of what we know about CR/CSR – in theory and in practice – comes from a range of studies that provide a view of past performance, current assessment, and future expectations [9]. The view that social responsibility is applicable to all organisations emerged as different types of organisations, not just those in the business world, recognised that they too had responsibilities for contributing to sustainable development. The perception and reality of an organisation's performance on social responsibility can influence its competitive advantage; its reputation; its ability to attract and retain workers or members, customers, clients or users; the maintenance of employees' morale, commitment and productivity; the view of investors, owners, donors, sponsors and the financial community; the relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates, among other things [10]. Table 1 presents a detailed literature review of the worldwide standards and purpose of CR/CSR. From the incongruent definitions and scope between corporate responsibility and corporate social responsibility, this paper defines CR as the overall umbrella term for social, economy and the community.

Table 1: Various definitions of CR/CSR [11].

<i>Report</i>	<i>CR/CSR Definition</i>
ISO [12]	The essential characteristic of social responsibility is the willingness of an organisation to incorporate social and environmental considerations in its decision making and to be accountable for the impacts of its decisions and activities on society and the environment. This implies both transparent and ethical behaviour that contributes to sustainable development, is in compliance with applicable law and is consistent with international norms of behaviour.
AccountAbility [13]	It combines the terms social and ethical to refer to the systems and individual behaviour within an organisation and to the direct and indirect impact of an organisation's activities on stakeholders. Social and ethical issues (relating to systems, behaviour and impacts) are defined by an organisation's values and aims, through the influence of the interests and expectations of its stakeholders, and by societal norms and expectations.
Business Link UK [14]	CR/CSR is about understanding your business' impact on the wider world and considering how you can use this impact in a positive way. It means taking a responsible attitude, going beyond the minimum legal requirements and following straightforward principles that apply whatever the size of your business.
European Commission [15]	CR/CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs.
WBCSD [16]	The integration of social and environmental values within a company's core business operations and to the engagement with stakeholders to improve the well-being of society.
IISD [17]	CR/CSR promotes a vision of business accountability to a wide range of stakeholders, besides shareholders and investors. The concept is underpinned by the idea that corporations can no longer act as isolated economic entities operating in detachment from broader society.
BSR [18]	Business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment around the world.
CIRIA [19]	A commitment by organisations to integrate socially responsible principles and concerns of stakeholders in their operations, in a manner that fulfills and exceeds current legal and commercial expectations.

3. Case Study

A single case study is established to understand, immerse and learn the perspective of UK CI SMEs on the uptake of CR in their business. The selected organisation (CC) is a Knowledge Transfer Partnership [20] partner, whom has declared an interest in developing a CR strategy for the organisation. CC was established in 2006, providing specialist construction service to a UK wide client base; and taking great pride in the flexibility of its service options covering design and build, construction and interiors; primarily in the education, leisure and retail sectors, with a typical contract of up to £6 million and a yearly turnover of £20 million. Through desk research – global, EU and UK regulatory framework directives, best practice guidance and success stories are collated, articulated and synergised. Potential CR key indicators, regulatory policies (current and future) and implementation frameworks are considered. The strategy could only be realised when all three elements (culture, support and strategy), and accelerated by external best practice and internal policies; and all operationalised through IT, as illustrated in Figure 1.



Figure 1: CR strategy in operation



Figure 2: CC CR Strategy

CC's CR strategy was developed in consultation internal and external stakeholders and is aligned to the ISO 26000 [12], AA1000 policies [13] and GRI reporting standards [21]; encapsulates five major factors - Corporate Governance, Community, Employee, Business-to-Business and the Environment - and empowered using IT, as shown in Figure 2. As a construction organisation, it is empirical that the emphasis is on the environmental responsibility. The CR strategy is mapped with its fundamental business process to establish core links between organisational strategy and CR strategy - both supporting and integrating each other. A gap analysis is also taken to identify any disparities between the two. As a result of incorporating the CR strategy into the business, various smaller initiatives began to emerge.

New environmental policies - Inline with CC responsibility to the environment, industry-wide best practice and CC standard operating procedures is merged. This is essential to ensure all Project Managers and Site Managers operate in a streamlined process. *Pollution Control Policy (Air/Dust)* – The organisation recognises that air pollution on sites can have a detrimental impact on the environment in which we live and work and on the health of local residents. CC is committed to take control measure to minimise the pollution our sites produce. This policy is aligned to National Air Quality Strategy, UK. [22] [23]. *Sustainable Procurement Policy* – The organisation is committed to the sustainable procurement of construction products.

By definition, sustainable procurement is the process of purchasing goods and services that takes into account the social, economic and environmental impact that such purchasing has on people and communities. *Water Environment Policy* – The organisation recognises that precautions must be taken to ensure the complete protection of watercourses and ground water, against pollution. *Carbon Policy* – The organisation recognises the importance of reporting carbon emissions and is proactively working towards reducing the direct impact of its operations on the climate. Responsibility for the achievement of carbon goals and reduction target lies with all the staff and supply chain partners.

BREEM - The BRE Environmental Assessment Method (BREEAM) sets the standard for best practice in sustainable building design, construction and operation and has become one of the most comprehensive and widely recognised measures of a building's environmental performance [24]. The organisation's involvement in BREEAM is in its infancy – summary reports, common targets and pre-requisites were prepared for the decision makers in the organisation to provide a holistic overview; detailed technical reports were prepared for submission to the BREEAM assessors/administrators. The organisation is taking major strides to be a leader in the field.

Considerate Constructors Scheme (CCS) is a voluntary initiative that operates on Site and Company Codes of Considerate Practice, with which participating construction companies and sites register. This scheme is a non-profit-making, independent organisation founded by the industry to improve its image [25]. CCS sits very highly in the organisation's agenda – this provides an external party to evaluate the organisation's corporate responsibility on their project sites, and playing their part in improving the image of the construction industry. A list of best practice, checklist and pre-requisites are prepared for the site managers - to assist them to be more responsible for their action on site, and is designed to encourage performance beyond statutory requirements.

Carbon emission calculator, help guide, site and visitor logs – The organisation commissioned a new carbon emission calculator customised to the internal and external processes of the organisation. This also forms part of organisational Carbon Policy, and to compliment the Considerate Constructors Scheme [25] and BREEAM Schemes [24]. The calculations are aligned to standards, protocols and statistics as provided by the GHG Initiative, [26] DECC [27], DEFRA [27] and The Carbon Trust [28]. The calculations encapsulate Scope 1, 2 and 3 (direct and indirect emissions) within the GHG framework [26].

New Pre-Qualification Questionnaire - PQQ are the first meeting point between the organisation and potential business partners – getting this perfect reflect the values, ethos and character of the organisation. The overhaul of the PQQ is an important milestone for the organisation as it grows larger (size and turnover) and be a more matured business. The new version includes corporate responsibility indicators (eg. community engagement, equality and diversity, etc.) and international standards requirements (eg. ISO9001, ISO14001, etc.) Business partners will also be graded into tiers of qualification and guides will be provided for businesses to improve their tiers. This process will be automated into an online system, where business partners will be able to update profiles to progress in their tiers.

Site Waste Management Plan (SWMP) is a platform for the construction team to prepare, estimate, implement and review construction site waste. By legislation, any client who intends to carry out a project on any construction site with an estimated cost greater than £300,000 excluding VAT must prepare a SWMP conforming to Site Waste Management Plans Regulations 2008 [29], in accordance to the Clean Neighbourhoods and Environment Act 2005 [30]. The organisation's SWMP is aligned to BRE's SmartWaste online system [31].

Sustainable procurement is about minimising impacts of the supply chain through social and environmental considerations; minimising impacts of products and services by reducing waste and increasing renewable energy; and purchasing efficient products such as high recycled content products, energy-efficient appliances and fuel efficient vehicles [32]. The organisation is working with external consultants to create internal key performance indicators (KPIs), new process and procedures to achieve this – inline with the BES6001 standards [33].

4. Conclusion

In this present gloomy economic climate, construction organisations are seeking for new competitive advantage to stay ahead of the game. Organisations are now taking a responsible attitude, going beyond the minimum legal requirements, following CR principles that apply whatever the size of the business. This paper reported on the growing adoption of CR as a core business strategy; it began by reviewing the various definitions of CR and differing standards, before describing as a case study the necessary steps of how a CI SME is trying to embed CR within their business. Definitions of CR vary considerably and encompass differing aspects, the majority of which cover social and environmental aspects. Further, there are a growing number of international regulatory bodies that have set up CR policies; however, all are voluntary unless imposed by specific governments. Thus, no clear guidance is explicated to help organisations implement CR, particularly for SMEs. A case study was presented in this paper to evidence how a CI SME embarked on incorporating CR principles. Firstly, a strategic CR policy was developed which complimented the existing business process. The policy then spore various initiatives in the organisation, such as new environmental policies, new pre-qualification questionnaire, environment assessment mechanisms (BREEAM), considerate constructors, carbon emission calculations, site waste management and sustainable procurement practices. The way forward sees the organisation incorporating international standards in quality management and environmental management systems. It is clear from the case study that for successful CR implementation in construction organisations, there must be a synergy between research and best practices, and practical applications of CR into the organisation. Research is still on-going to provide further evidence that CR within the organisation will generate further business and strengthen Client relationships and improve the ethos of the organisation.

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