A Dialogue of Corporate Social Responsibility and its use for Engineering Project Justification

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Abstract: *With the increased financial constraints for project proposals within an organization, it may be necessary for project managers to document the social and/or environmental impact within their proposals as it relates to specific Corporate Social Responsibility [CSR] objectives. Not only is this a differentiator within a project's justification package, but it is also calculated action to further CSR objectives within the organization. This will allow for easy tracking from organizational leadership when CSR gaps arise or if another direction is desired. This paper discusses the reasoning behind including societal or environmental benefits in project proposals.*

Keywords: CSR Energy Engineering Project Justification

Organizations historically use financial tools to choose and rank the implementation of energy savings projects (Tharp, 2008). Simple payback is one of those financial tools and it is getting harder to use to justify projects as organizational financial payback requirements tighten up. This means that project managers, engineers, and energy managers need to have an entrepreneurial approach when putting their project justification proposals together by incorporating other project benefits (Jones, 2013). This is known as a "multiple benefits approach," as defined by the International Energy Agency [IEA]. The anecdotal focus of this discussion will be in the area of Corporate Social Responsibility [CSR] and its inclusion to the project justification proposal and why this justification approach benefits the organization.

CSR activities are usually difficult to quantify the benefit for expenditure due to the social/environmental benefits being more qualitative (Pearce, 2011). For example: measuring the net benefit to society for investing service and/or money into library adult reading programs versus reducing emissions from your facility into the nearby environment. There are metrics that can be kept for both examples, but the exact social benefit for reading programs will be more difficult to quantify, when it is known that emissions impact regional air quality and the health of the elderly, young, or people with asthma. This doesn't mean we advocate for only CSR activities that can yield quantitative results, but that we should capture CSR value with current corporate project related activities. Energy savings projects are a great avenue to impact the financial performance of the organization as well as impacting society and/or the environment. These projects are often times explored due to the focus on aligning with specific corporate goals and objectives. Since CSR activities are usually the responsibility of the CEO, it also makes sense that social and environmental benefits should be documented by engineers, energy and project managers in project proposals and aligned with CSR goals (Tharp, 2008).

By adding social and/or environmental impact in project proposals, it acts as a tracking mechanism where the organization can review projects by specific financial requirements and social/environmental impact. This justification approach will influence the culture of the project teams within an organization to focus beyond the financial requirements. This CSR focused culture should also yield positive results when social auditors review organizational CSR activities and anytime negative reviews happen due to inaction or poor categorical performance, the organizational leadership essentially has a backlog of proposed projects and their CSR value. Similar to the IEA's multiple benefits approach, project CSR benefits could align with specific CSR

categories. This would make it even easier for organizational leadership to align with the recommendations made by the CSR social audit team.

An easy to understand example would be if a manufacturing plant decided to focus on reducing plant emissions. Outside of burner or combustion retrofits, there may be little a plant could do to minimize actual combustion emissions, but the plant also utilizes large amounts of energy from the nearby utility. The manufacturing facility could work with the utility to create carbon dioxide, nitrogen dioxide, and sulfur dioxide emissions equivalents for every kilowatt hour (kWh) used based off of the utility's energy portfolio. Once these emissions equivalents are calculated, every energy savings project at the facility could be justified by payback period, energy savings, and reductions in emissions. Emissions reduction progress could be tracked and included in annual CSR reports as an additional benefit outside of the organization's desire to reduce energy costs.

CSR objectives could be rolled down through the organization where it makes sense to leverage key divisional strengths. This is similar to the approach of rolling out financial, performance, and personnel development goals. Employees will then be made aware of CSR objectives in the same way they are informed about the direction the organization is heading. The rollout of CSR objectives should be equally just as coordinated as normal organizational tasks due to CSR activity coordination within organizations being notoriously unorganized (Rangan, Chase, Karim, 2015). Referring to the manufacturing example provided with a specific CSR objective rollout, energy and project managers would now be aware of the ability to use social and environmental impacts as part of their project's justification package. The tracking of CSR activities should also be tracked as accurately as normal employee performance goals that are set for annual or continuous evaluation. The routine inclusion of CSR activities into normal job functions also has some negative risks or perceptions to overcome.

It is important to recognize that identifying the social or environmental impact for project proposals should not replace specific and direct CSR activities by the organization, like community service or by supporting desired causes, but it should supplement an existing CSR program and fill gaps for the existing program. Replacing an organization's social and environmental activities with required project CSR justification will "distract from what must be [a CSR program's] main goal: to align a company's social and environmental activities with its business purpose and values" (Rangan et al., 2015). In conclusion, the success of the organizational rollout of a supplementary CSR project justification program depends on the coordination of the CSR activities assigned, the documentation of the project proposals that include CSR related data, and the training employees receive in social/environmental impact assessment.

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