

Strategic management and Corporate Social Responsibility

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Bossini International Holdings Limited's Background

Bossini International Holdings Limited is an investment holding corporation which is based in Hong Kong and it is primarily involved apparel business, since its establishment in 1987. The core business of the company encompasses retailing and distribution apparel with the main products under the company being casual apparel for men and women, sports apparel for all gender, children's apparel and STAR WARS collection of clothing and accessories **Error! Reference source not found.** The functionality of the Bossini International Holdings Limited is based on the four geographical segments which include Hong Kong and Macau, Mainland China, Taiwan and Singapore segments. This report evaluates the role of the company's corporate social responsibilities as it seeks to pursue the proposed strategic options.

Bossini International Holdings Limited's current Corporate Social Responsibility

Policies

Rangani et al. (2015) described corporate social responsibility (CSR) as a self-regulating business model which enables an organization to be socially accountable to itself and other pertinent parties such as its stakeholders and the overall public. Most of the corporations have long implemented different corporate social and environmental accountability with a fundamental goal of contributing to the well-being of the communities or the society they serve. However, Carroll and Brown (2018) argued that there is a growing pressure for companies to perceive CSR as a business principle and demand which enhances the delivery of the possible business outcomes. It can be asserted that CSR practices are appropriate for the companies seeking to leverage the opportunities in the emerging economies since they advocate for the market-based orientation **Error! Reference source not found.** It can therefore be deduced that

the CSR policies play an integral role since they act as the framework through which a corporation operates ethically and responsibly.

Bossini's CSR aim at ensuring the company operates ethically by considering human rights and social, economic and environmental impact of what it does as the company. The board of directors of Bossini is responsible for the evaluation and determination of the environmental, social and governance (ESG) risks of the company. Bossini is committed to making constant improvements on various aspects of corporate environmental protection and social responsibility **Error! Reference source not found..** This can be attested by the measures taken by the company to supervise and implement policies aimed at managing ESG issues for the sustainable progress of the Bossini. In particular, Bossini International Holdings Limited is focused on reduction of the greenhouse gas emissions, reduce disposal of waste during its normal business operations and provision of a safe working environment for its personnel. Regular meetings and discussions between the board of directors and the ESG working group normally facilitate the formulation of the policies and guidelines meant to deal with environmental social issues.

Environmental Protection

- **Stakeholder Engagement**

Bossini International Holdings Limited is committed to the accomplishment of its sustainability program. In order to achieve a sustainable business development, Bossini has acknowledged the importance of maintaining effective communication with its stakeholder **Error! Reference source not found..** The company's major stakeholders include customers, employees, investors, government and other relevant regulatory authorities, suppliers and community partners. Bassin has established a framework to facilitate the corporation and communication with stakeholders via different channels. This approach makes stakeholders to

believe that their opinions and overall contributions are beneficial to the company's business development.

- **Material Assessment**

Bossini International Holdings Limited normally performs internal review, to facilitate the identification of the internal and external concerns of the stakeholders from the environmental and social perspectives. This task is conducted based on the Stock Exchange ESG Reporting Guide that might be having material impact on the company's sustainable development and its stakeholders. Bossini advocates for the environmental protection, which can be depicted to its commitments towards the utilization of the resources wisely and effectively and reduction of the waste generations within the company's operations **Error! Reference source not found.** Bassin has made a significant progress in implementing various resource-saving policies to facilitate the energy conservation, water, paper and other essential office supplies. According to Rongani et al. (2015), greenhouse gas emissions are the primary causes of global warming. This has prompted Bossini to participate in retail operations in Hong Kong and Macau, with its greenhouse gas emissions principally constituted by emissions of carbon dioxide.

- **Energy Consumption**

Bossini International Holdings Limited is committed to effective utilization of energy to minimize greenhouse gas emission. Given the company's comprehensive retail network I Hong Kong and Macau, it follows that saving electricity in this regions can significantly reduce carbon dioxide emission. Presently, Bossini's shops use energy-saving lights, which align with the company's efforts towards the energy conservation and reduction of the greenhouse gas emissions **Error! Reference source not found.** The recent installation of the "en-trak" energy system at the Bissin's Hong Kong headquarter, highlights the company's efforts in implementing

energy saving policies within its operations. According to the company's energy conservation policy, employees are supposed to set the office's air conditioner thermostat strictly at 25°C.

- **Minimize Paper Usage**

The Bossini International Holdings Limited's policy on reduction of paper usage requires the company to be proactively involved in practices that aim at reducing paper usage. This has prompted Bassini to formulate policies that considerably minimize the use of paper within its operations **Error! Reference source not found..** The company advocates for the reusability of papers in printing ad double sided printing. Distinct recycling bins have been availed to facilitate the collection of the used papers.

Social Accountability Policies

Employment and Labor Practices

Bossini acknowledges that human resources are its critical asset, hence obligated to provide safe and congenial working environment for its employees. The company also promotes career development and training programs as well as promoting healthy living-style.

- **Provision of the Safe Workplace Environment**

Bossini International Holdings Limited is committed towards the provision of the safe environment for its staff. Bossini demonstrates these efforts through seminars meant to raise awareness of occupational safety and provision of the certain tools such as ladders and trolleys to enhance safety in its operations **Error! Reference source not found..** Spot checks are regularly conducted to certify the implementation of safety requirements.

- **Prohibition of Child and Forced labor**

Bossini International Holdings Limited strictly forbids child and forced labor. The company efficiently examines its recruitment process to ensure it adheres to the required

standards **Error! Reference source not found.** The company is focused on avoiding non-compliance cases in terms of the applicable laws and regulations on employment, health, safety and labor standards.

- **Supply chain management and Product Responsibility**

Bossini International Holdings Limited maintains procurement policy to certify that all goods and services are procured based on honesty, competitiveness, transparency and fairness, thus delivering the value of the money.

- **Data Privacy Policy**

Bossini International Holdings Limited prioritizes the protection of the privacy of its consumers during the collection, processing and when using their personal data. Bossini adheres to the existing data protection laws and ensures relevant technical measures are implemented to protect consumers' data against unauthorized use or access.

- **Philanthropic Acts**

Bossini International Holdings Limited is involved in sponsoring charity events. For the third consecutive year since 2017, Bossini sponsored the Hong Kong Society Rehabilitation and Crime Prevention's annual Charity Golf Tournament.

Contribution of the CSR to the Company's Success

The company is characterized by various stakeholders who have different expectations. During the integration of CSR policy into the business operations and core strategy, it is imperative for a corporation to understand and be keen on the expectations of its stakeholders **Error! Reference source not found.** The stakeholder theory implies that CSR is integrated within a company from a multi-stakeholder perspective, with an objective of enhancing firms' efforts to respond to the different of all people and groups which have a stake in the

corporation's pursuit of profits. However, Sharma (2013) revealed that stakeholders' interests are typically conflicting and complex to meet simultaneously. This can be attributed to the definition of the needs and wants which is based on the perspectives of different stakeholders. In the scenario of the Bossini International Holdings Limited, its CSR policy considers various stakeholders whose main ones include employees, customers, suppliers, communities and shareholders.

Employees Perspective

The CSR plays an integral role when it comes to enhancing the safety and overall well-being of the employees. At Bossini International Holdings, the CSR policy has outlined different actions which aim at empowering and protecting the workers **Error! Reference source not found.** For example, the company considers its human resources as its critical asset, hence obligated to provide safe and congenial working environment for its employees. The company has initiated different initiatives meant to empower and protect its employees. This includes employee training and development programs which enables workers to advance their knowledge ad career related skills. Bossini is also committed to building effectives teams by promoting team collaboration and breakthrough through innovative team activities **Error! Reference source not found.** The company's CSR policies are also focused on developing a happy and highly satisfied workforce. The company regularly review its employee benefits system to facilitate the provision of the employees with high quality living standards as well as organizing different activities which enable them achieve work-life balance.

Customers Perspective

The CSR policies for Bossini International Holdings Limited could also make significant contribution to the success of the company in terms of developing a highly loyal customer base. Bossini's CSR policy is relatively strong towards its customers by principally prioritizing the quality and affordability of its apparels and **Error! Reference source not found..** Furthermore, the provision of the excellent services and quality products has earned Bossini trust from customers. The company's commitment towards resolving the complaints lodged by customers and continuous improvement towards meeting the expectations of the clients could considerably elevate the market position of Bossini **Error! Reference source not found..** From the customers' perspective, it can be asserted that CSR policy is significantly contributing to the success of the company in terms of gained competitive advantage and increased market size.

Suppliers Perspective

Bossini International Holdings Limited has drawn significant success in upholding the integrity and reputation through the handling of its suppliers. Bossini's CSR through the implementation of the procurement policy has been effective in ensuring that all goods and services are procured based on honesty, competitiveness, transparency and fairness, thus delivering the value of the money. According to Rangani et al. (2015), this approach provides suppliers with equal opportunities of winning the tender to supply the required materials.

Community Perspective

From the community's perspective, Bossini International Holdings Limited's CSR acts on different fronts which directly or indirectly benefits the local and global community. The company principally operates in Hong Kong and Macau, Mainland China, Taiwan and Singapore segments, where it owns different shops and stores. This indicates that Bossini has made significant investments which in turn provide employment opportunities to the locals **Error!**

Reference source not found. Bossini is also involved in philanthropic acts which have considerably supported essential wellness programs in the local communities. For example, for the third consecutive year since 2017, Bossini sponsored the Hong Kong Society Rehabilitation and Crime Prevention's annual Charity Golf Tournament. Bossini has also been fore front in protecting the environment, which directly benefits the community as far as averting the detrimental impact of the global warming. Such initiatives have enabled the company to demonstrate its core values of caring for the people it is serving.

The Challenges and Advantages of Moving manufacturing to the Emerging

Markets: Triple Bottom line Theory

The reverse logistics are increasingly playing a crucial role to the contemporary businesses when it comes to improving the overall environmental and financial performance of a particular company. Triple Bottom Line is one of the theories whose concept can be applied to facilitate the integration of financial, social and environmental accountings within the operations of a firm (Nazim et al., 2018). The Triple Bottom Line holds under an assumption that a company is a member of member of the moral community, hence assigned certain social responsibilities. The focus of this theory is on the sustainability and it requires that any corporation should base its actions on the three fronts of economic sustainability, social sustainability and environmental sustainability. Through the framework of the Triple Bottom Line, it would possible to evaluate the challenges and advantages of the company moving its production in an emerging markets based on the economic, social and environmental impacts.

Economic Perspective

The emerging economies offer multiple economic benefits which enable a firm to minimize its operating costs. Moving into emerging economies will allow Bossini to benefit from the cheap labor since the labor costs in emerging countries is relatively lower than the developed nations. The legislation supports more flexibility in work, resulting in improved productivity **Error! Reference source not found.** Additionally, emerging economies particularly offer suitable government regulations in terms of the import barriers and investment incentives such as appealing tax advantages and few regulations **Error! Reference source not found.** The stiff competition on the offshoring market also contributes to the reduction of the costs of production. The move to the emerging economies would pave the way for a reduction in the staffing in the developed nations leading to a decrease in the estate costs and consequently replaced by the less expensive infrastructures in developing countries **Error! Reference source not found.** Access to the capital is also another advantage of moving to the emerging economies due to the availability of untapped market opportunities.

However, there also some challenges that a company is likely to encounter as it moves to the emerging markets. Cultural risk is one of the potential issues that Bossini would experience as it moves its production in the emerging economies. Cultural perspectives, rituals and the usage of the product widely vary worldwide and when the new markets emerge, they could have different expectations as compared to those in which the company is established **Error! Reference source not found.** Limited protection is another problem associated with emerging economies. According to Sudhir et al. (2015), emerging markets are characterized by less evolved legal and ethical protections thus increasing the susceptibility of a corporation to encounter with corrupt law enforcement agents. Inadequate logistics, transportation and telecommunications can also be a considerable challenge, which could hamper the

implementation and the development of the company's production as it seeks to move to the new markets.

Social Perspective

There are certain social benefits which are likely to arise from the company's move to the emerging economies. Creation of the employment opportunities is one of the social benefits to the emerging economies. The strategy would also orchestrate a significant investment in infrastructures in the developing countries, which is crucial in boosting new production **Error! Reference source not found.** The living standards for the people would be strongly improved in the developing countries. According to Kumar and Srivastava (2019), new investments from the offshore companies promote the development of social amenities which in turn allow the people in the developing countries to access at affordable costs, ultimately improving the social status of the people within these regions.

The company should also be acclimatized of the potential social challenges as it moves to the emerging markets. The relocation is normally associated with considerably bad reputation in the country where there is the actual production. This implies that the corporations which offshore their operations are likely to suffer from negative publicity (Sharma et al., 2018). This can translate into customer apathy, where the clients would not be excited about the company's brand, resulting in the boycotting and sabotaging of the firm's products and services. Sudhir et al. (2015) argue that emerging markets are linked to the certain controversies such as workers who are exposed to poor working conditions that do not support employee safety. This can also be a hindrance to the success of the company seeking to move to the emerging economies.

Environmental Perspective

Offshoring production has certain positive environmental impact in the developing countries. The environmental requirements and policies imposed by the leading importers are likely to support developing nations to integrate a more sustainable production in their ranks (Sharma et al., 2018). Additionally, overseas corporations can transfer their knowledge of sustainable practices, processes and technologies thus enabling local production to align to the evolution toward a responsible operation and management.

Relocating offshore is also likely to encounter certain environmental challenges which can hamper the implementation of the company's strategic options. Global trade, particularly offshoring typically receives harsh criticism based from the environmental perspective. Kumar and Srivastava (2019) argue that offshore production is associated with environmental degradation in the emerging markets and disposal of sub-standard products which are detrimental to the environment. Environmental regulations are less restrictive in developing countries, thus giving the leeway for the offshore corporations to engage in practices which encourage pollution. This can be harmful to the local populations.

Recommendations

The core purpose of this report was to advise the board of directors of Bossini International Holdings Limited on whether to consider the proposal from the Finance Director to move manufacturing to an emerging market. The framework of these recommendations are based on the detailed analysis of the company's CSR policy from the perspective of different various stakeholders and the benefits and challenges of moving to the emerging markets. Following the evaluation of the benefits and challenges of venturing into the market, it is

commendable for Bossini International Holdings to move its manufacturing processes to the new market.

The current state of the Bossini International Holdings Limited indicate that the company has constrained its operations within four geographical segments which include Hong Kong and Macau, Mainland China, Taiwan and Singapore segments. The evaluation of the company's revenues (sales) indicates that the company has experienced a financial slump or stagnated across its retail subsidiaries **Error! Reference source not found.** This implies that there is the need of Bossini to apply suitable strategic options that can enhance the company's revenue collection base. Moreover, the company's CSR policy indicates that Bossini has taken significant steps toward becoming a leading corporation as far as being ethically and socially responsible is concerned. It is advisable for the board of directors to consider moving to the emerging markets, which is likely to accelerate its strategic objectives.

The contemporary emerging economies are characterized by the growing demand of the products which are manufactured and distributed ethically **Error! Reference source not found.** Based on the Bossin's efforts in complying with ethical demands in the industry, coupled with its positive image due to the company's positive social and environmental impact, it follows that Bossini International Holdings Limited should expedite its proposed move to the emerging markets. From the economic perspective, Bossini is likely to access capital as it relocates to the emerging market which would significantly improve the company's market position globally (Sharma et al., 2018). This would also be an opportunity for Bossini to explore new market opportunities for its products which would in turn translate into increased sales and profit for the company.

Bossini should also consider the social expectations and environmental regulations in the developing countries as it seeks to pursue the proposal of moving its operations in the emerging economies. Some of the social expectations from the local population include provision of the employment opportunities and improvement in living standards. It is imperative for the company to align its expansion strategies with these expectations to ensure the brand has positive social impact to the community **Error! Reference source not found.** Regardless of moving to potentially less restrictive environmental policies, Bossini should stick to its CSR policies on the protection of the environment.

References

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