

Case Study:

The Royal Bank of Scotland Group



By

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Abstract: This case study examines the global financial company known as, the Royal Bank of Scotland (RBS) Group and its ability to include sustainability in its business practices. This study explores RBS to help further the knowledge of if, how and why companies use strategic corporate social responsibility.

INTRODUCTION

Going green has become a larger priority in human existence within the past decade. Society is now witnessing an influx of large companies incorporating environmental awareness into their business principles. The Royal Bank of Scotland has been pioneering environmentally friendly policies since 2006. This case study examines the RBS Group's successful impacts in their 2012 Sustainability Report.

BACKGROUND

The Royal Bank of Scotland (RBS Group) is a global banking and financial services company. Its headquarters are located in Edinburgh, Scotland while also providing services to over 40 countries. Prior to 2008, RBS was one of the world's top banking institutions. However, in 2008 financial crisis resulted in bankruptcy for RBS as well as other global financial markets. This catastrophe tarnished the RBS Group's reputation. Subsequently, the Royal Bank of Scotland realized it needed to redirect their focuses to one of its core competencies- sustainability. As a result, the company has demonstrated a large commitment to being transparent in ethical, social and environmental issues. RBS has been a key leader in regards to sustainability, creating a path for competition to follow.

NARRATIVE

Within this assessment of Corporate Social Responsibility and Sustainability, the research of the Royal Bank of Scotland Group (RBS Group) provides a solid example of a company using CSR as a strategy to their own benefit and financial success. The Chief Executive of RBS, Stephen Hester explains within the Sustainability Report of 2011, "Our goal is to try and be a model for how banks can contribute to society, and make shareholders money along the way." ("Building a Sustainable RBS," 2011)

RBS is a financial institution that determined it should include sustainability into its business practices. This was a very strategic move, because RBS was so successful that it was

able to announce its large strides of protecting resources and conserving energy. These achievements were documented in the 2011 Sustainability Report and can provide readers and the public with various accomplishments. The financial firm has put emphasis on reporting on five key themes that are of interest to their stakeholders: fair banking, employee engagement, citizenship and environment, supporting enterprise and finally, safety and security. By creating five broad themes, RBS can better serve each category more effectively which will add to its strengths and decrease its weaknesses.

The emphasis RBS put on supporting the green economy was absolutely commendable in 2011 and it wishes to keep improving sustainable measures. Some examples of progress within 2011 are, a reduction in energy use by 13%, reduced business travel by using technology to have virtual conferences, sponsored the Scottish Low Carbon Investment Conference and in 2011 lent more than any other financial company to large- scale renewable energy projects in the United Kingdom. By 2014 the Royal Bank of Scotland aims to reduce 15% in energy and associated CO2 emissions, reduce 12% of water usage, 15% reduction in waste disposed to landfills, 70% of waste recycled, recovered or reused and all paper either certified or 85+% recycled (p. 38). These examples contribute to the bank’s ability of acting as a corporate citizen and improved its public image.

Strengths

- sustainable practices
- well developed company
- worldwide company
- over 3 million customers
- 140,3000 employees worldwide
- owned by British Government (UKFI)
- assets over \$712 billion

Weaknesses

- 2008 financial collapse
- customer service
- fail to help community in natural disasters

Opportunities

- technology
- meet new external challenges
- community relations
- partnerships and collaborations

Threats

- economic issues
- competing financial services
- natural disasters

The SWOT analysis is a great addition to research because it categorizes a company's competing strategy perspectives. This is a way to view the examples of RBS's strengths, weaknesses, opportunities and threats. Chapter 2 of the book, Strategic Corporate Social Responsibility, by William B. Werther, Jr. and David Chandler, explains that an organizations strengths and weaknesses are internal while opportunities and threats are external because they are present in the environment. (p. 29) The Royal Bank of Scotland has a balance of all four categories; however, their strengths have the most examples. The financial institution has been around for many decades, proving its ability to withstand hardships and remain in business. As a result, there are few threats, and the ones that included can also be stated for other similar companies of the financial industry. Finally, the most important weakness the company lacks is customer service. This could be because RBS is a global entity, and with so many locations and customers involved, it makes it harder to keep everyone happy. Overall, RBS is a widely successful bank and adding sustainability to its mission only adds internal strength.

In addition to this case study, I also conducted an in depth media analysis of the RBS Group. This media analysis was created to provide an overview of how the Royal Bank of Scotland Group used social media and traditional media. These two mediums were then compared to see if the image RBS created was similar to the public's opinion. The results provided a very different selection of news stories in comparison to other news media. The financial company realizes that after they went bankrupt in 2008, its reputation was tarnished. Thus, RBS Group created a new strategic plan to incorporate sustainability, customer-centeredness and a core business that is strong, balanced and valuable. The corporation realized that for it to gain the trust and respect back from society, it had to focus less on its business handlings and more on its ability to work as a corporate citizen. Therefore, RBS implemented many different tactics of sustainability in regards to environment, fair banking, supporting enterprise, employee engagement, safety and security and citizenship.

Although the firm displays a vast category of ways it contributes its efforts to sustainability, the only category reflected similarly through social media, the internet and traditional news is the environment. This is a solid way to incorporate their core competencies because they truly achieve their goals of reducing CO2 emissions, reducing energy use and using advanced technology to reduce travel.

In addition to studying the specific efforts of the Royal Bank of Scotland Group, I have also researched competing firms in this industry and what they are doing in terms of corporate social responsibility as well as sustainability. The financial services researched were ING and Bank of America. ING is one of RBS' competitors in financial firms. ING's strategy in terms of sustainability is to increase energy efficiency as well as to reduce energy consumption. In addition, the banking company works to implement the three R's of: reduce, reuse and recycle into their workplace to strengthen the efforts of sustaining resources. As a result, ING is able to actively manage its environmental footprint and its website dedicated to sustainability states, "Our ongoing assessment stresses us to further reduce our own carbon footprint, directly through our actions and indirectly through the effects our business." ("Better environmental footprint," 2012) In terms of Bank of America, it has decided that January 1st, 2013 it will implement a new environmental business goal of \$50 billion over ten years to help against climate change. Furthermore, Bank of America will improve funding by increasing its capital, which includes selling non-core assets as well as strengthening credit reserves to aid in increasing liquidity and reducing debt. Overall, many banks are incorporating sustainability and the idea of being a corporate citizen into their priorities and business strategies.

The Royal Bank of Scotland Group (RBS Group) is one of the leading financial banking services in the world. Its headquarters are located in Scotland, and although the company is globally affiliated, it seems the company never learned of the natural devastation inflicted by the record breaking Franken-storm called, Hurricane Sandy. The RBS Group has such a large hold of the economy worldwide that it is strange the business never provided any efforts of aid. The east coast's need for aid could have been a perfect objective for the RBS Group. Its official website displays such an importance on sustainability and it is one of the group's strongest core competencies. Perhaps the public relations department of the Royal Bank of Scotland will decide that it would like to help support and rebuild the destruction left behind by the storm. However, as of now, the company hasn't produced any news regarding the hurricane, or if there will be any supporting efforts. As stated previously, the financial firm is a global entity, yet, the company has firms located ON the east coast of the United States. For a company to stay successful, they must take initiative to help others out as a corporate citizen, or risk the chance of possibly harming their reputation as being socially responsible.

Within the broad range of findings about the RBS Group, there is also a constant flux of ideas that also contain industry trends. The ideas in this case study are intended to bring more analyzed information into the ongoing debate about whether Corporate Social Responsibility is categorized as a public relations or business strategy. As well as, if sustainability is being practiced by corporations for the greater good or if it is inevitably needed to better compete with opponents.

CONCLUSION

This case study analyzed the Royal Bank of Scotland's success of their 2012 Sustainability Report. The research concluded from the annual sustainability report reveals the RBS Group's ongoing efforts to decrease their own corporate carbon footprint. RBS is commended on their ability to pursue their own core competencies such as reducing electricity, traveling and paper products. The Royal Bank of Scotland's website presents their involvement of corporate social responsibility in many categories, including safety and security. However, RBS failed to truly ensure neither safety nor security to their stakeholders during the hybrid storm, Hurricane Sandy. Is it fair for a company to promote themselves as being committed when they fail to support their local communities during times of crisis? Are they allowed the ability to pick and choose when they will act sustainably? Perhaps with further research and investigation, public relation practitioners can create a list of needed qualities or actions a corporation must fulfill to be deemed, "sustainable".

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