



CORPORATE SOCIAL RESPONSIBILITY – LUXURY OR NECESSITY?

Corporate Social Responsibility (CSR) has had mixed reviews over the years. For some companies it's an essential part of their every day life. For others, it's much lower on their list of priorities, something to be picked up or put down as the economy rises or falls.

The most recent Obsidan/British Antarctic Survey Business Leaders Forum of senior figures from businesses in Cambridge and the surrounding area aired these issues with a view to helping participants understand how others are regarding this issue

So, let's begin with a definition:

Wikipedia describes Corporate Social Responsibility as 'A concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment.'

It's an accurate, if not entirely helpful, description, but it does emphasize the point that CSR *means different activities to different companies. There are no hard and fast rules governing what is and isn't CSR and as a result it covers a vast variety of activities.* Although much of the focus in recent times has been on environmental issues, it can include everything from sponsoring a local football team to providing mentors for small business owners; feeding the homeless to running major recycling initiatives.

This lack of a tight definition is both a blessing and a curse. On the one hand, it means that there is no one size fits all solution, which allows imaginative firms to innovate. On the other hand, companies wanting to contribute to society may be uncertain where to start or wonder if they are 'getting it right'.

The key message from the Forum debate was that to be sustained any CSR programme needs to have a business benefit. Doing charitable things is fine but likely to fall foul of re-prioritisation unless its very purpose is in line with business objectives.

There are generally four categories of CSR programme: employment; environment; supply chain and community, all supported by a values and ethics agenda. The business benefits derived from these may be, for example:

Employment – improved recruitment through reputation; better employee engagement through the glow of satisfaction from working for a company that does good works

Environment – less waste; lower energy costs; improved brand reputation

Supply Chain – many select programmes which show them in good light to current and potential customers or simply to meet criteria laid down by major influencers on sourcing.

Community – improved profile, goodwill and awareness. Stories about staff members doing things for others reflect well on the organisation and personalise a corporate activity. CSR can also help the firm to build a good name in hard to reach markets.

Successful practitioners generally choose their CSR on the basis of relevance to their own industry and any particular assets or skills within the company. The perfect piece of CSR is one that adds value to its recipients and to the brand value of the company and also takes advantage of its employees' skill sets. CSR can be an example of creative and innovative marketing and as such sometimes offers far greater rewards than a traditional approach.

In much the same way as there is no rule book on what constitutes CSR, there is little guidance on how to do it and companies employ a wide range of interpretations. Some, particularly larger

firms, take a strategic approach whereby the CSR agenda is closely aligned with the organisation's business purpose. They may well set aside a budget to be spent regularly throughout the year and have a clear and coherent idea of what they want to achieve.

Others, however, deal with CSR on a much more ad hoc basis. If a member of staff approaches them with a good idea or a charity comes to them with a request, they will sometimes take action.

CSR can suffer in an economic downturn as companies look to cut costs. Equally, it may just result in a change of focus. Where companies used to give money, they may change their aims and endeavour to use staff time instead. This has the dual advantage of being much cheaper and making for a much more effective piece of PR as it tends to last longer, creates better news opportunities and inevitably gets mentioned down the pub by the staff on Friday night.

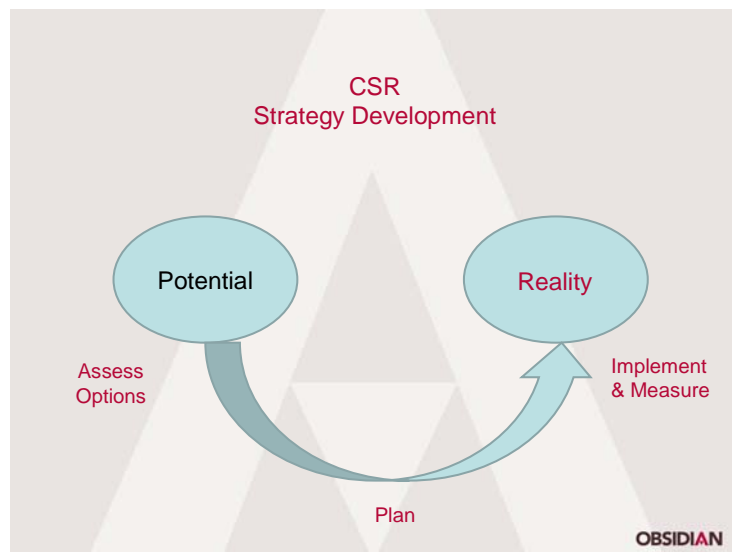
But should companies undertake CSR at all? There are arguments against it. The benefit is unpredictable and, particularly at the outset, not easy to quantify. Many small and medium-size organisations do not see the value in it and therefore their activities are often limited and unsustainable. Larger companies, however, who perhaps plan more strategically may be more receptive to CSR and have the manpower to do something about it; but as the Forum discussed, even these may have to rethink their Return on Investment criteria.

Delegates agreed that if it is to succeed, it's critically important that top-level management buys into the scheme. A half-hearted attempt to do good in the community which fades away almost as soon as it's launched will do far more harm to a company's reputation than no attempt at all.

This is particularly true amongst large companies, where inevitably there'll be disagreements within the board and where it's harder to control what happens. It's very easy to be derailed by one bad piece of PR in a department a long way from the centre and, particularly if the company has got involved with CSR purely to be 'seen to be doing something' there's always a risk that people will perceive it as spin over substance at best or at worst 'green washing'.

It's clear from the Forum that, despite some shining examples of wider stakeholder engagement represented at the Forum, the battle for companies' hearts and minds is far from won. Tensions between the desire to undertake CSR and the need for some type of return will continue to exist, as will tensions between a hard edged and feel good approach.

Particularly in the current climate, the battle between business needs and 'nice to haves' will continue; and small and large businesses will inevitably continue take a different approach to the question. In all cases, though, this is a business decision, not just an emotional one and as such should be carefully investigated and approached in a business-like way.



Notes for Editors

As part of extra background research, a small online survey was conducted about CSR. The survey found that;

- over half of the respondents had no CSR policy and
- none of those participating in CSR had an environmental focus.
- most centred their CSR activities on community engagement and
- the most common form of engagement was through staff time and financial contributions.

Companies that responded to the survey rated compliance with good governance, employee motivation and improving image as being the most important drivers of CSR; whilst the greatest obstacle to CSR was felt to be staff engagement.

In addition, further research was carried out by using LinkedIn to ask members of the Institute of Directors the following question; *"In the current economic climate, is CSR activity at risk or a strategic priority, for the smaller company?"*

The following are extracts from responses received:

"Corporate Sustainability, which includes Corporate Responsibility, is neither a risk or a strategic priority. It ought to be not just part of but a business strategy"

"In more challenging times, smaller companies may continue to invest in small actions that they feel passionate about but are less likely to embrace wider, strategic, holistic action."

"Systematic management of environmental issues such as waste, energy, materials etc can deliver cost savings and could prove valuable in the current climate."

"The people who seem to have gained most from CSR in terms of general market positioning seem to be those who have stuck close to issues which are central to their products, values and constituencies."

"...our ... CSR strategy has helped us punch above our weight as an employer in terms of attracting good staff in a market where few are moving."

"CSR is very much part of the supply chain requirements of many major businesses and government purchasing, including the Olympics. So if as a small company you want to sell to larger companies you need to look carefully at CSR."

"My thinking is that CSR will be largely overtaken by Sustainability as the critical underpinning of all businesses through the recession and climate/resources crunch. Smaller companies are probably more at risk of failure, yet by addressing Sustainability in a practical way in the short to medium term they can ensure ensure their survival and be stronger for the upturn".

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Companies: The Business Leaders Forum is an initiative of Obsidian Consulting (www.obsidian.co.uk) in partnership with the British Antarctic Survey (www.antarctica.org.uk). Obsidian can assist companies in assessing CSR options and engagement of staff in programmes. For further information contact: enquiries@obsidian.co.uk, or 01799 543707