

Corporate Social Responsibility: Once more, with conviction

Firms that view CSR as good business practice rather than good PR reap substantial benefits – and the smallest companies can be the biggest winners

THE NOTION OF corporate social responsibility (CSR) has become anchored in the business landscape. Every major self-respecting company has a CSR policy and more than 75 per cent of the FTSE-100 produce CSR reports. Media coverage of CSR has proliferated, CSR standards are being promulgated and adopted, and a new corporate responsibility index scores companies on how well they measure and integrate business practices affecting the environment, the marketplace, the workplace and the community.

Yet while many organisations are socially responsible because they believe it is the right thing to do and makes good business sense, others treat it as a box ticking exercise, or, more cynically, as a naked marketing campaign. Mark Goyder, Director of think tank Tomorrow's Company, distinguishes between what he calls 'conviction' or 'values-based CSR' and 'compliance CSR', and worries that "the CSR that is emerging looks more like the latter than the former." Yet organisations that pay lip service to the concept will increasingly be at a competitive disadvantage.

Those businesses that decide voluntarily to contribute to a better society and a cleaner environment are reaping substantial benefits, ranging from greater employee attraction, motivation and retention, through more efficient business processes and reduced operational risks, to enhanced brand image and higher sales. BT, for example, attributes a third of its image, reputation and trust to its CSR activities, while the Co-Op Bank estimates that its ethical and ecological positioning accounts for around one-fifth of its pre-tax profits.

What's more, at a time when companies face a crisis of trust, conviction CSR can help rebuild relationships with disaffected stakeholders. And this is where those companies lacking a holistic approach to CSR come unstuck. As Michael Willmott, Chairman of The Future Foundation and author of *Citizen Brands*, points out, "Excessive executive pay is not consistent with being a good citizen brand, nor is shutting bank branches with no apology at all." Being a good corporate citizen need

be neither expensive nor difficult. It requires careful thought about what constitutes responsible business practice, along with the acknowledgement that the future of any one business is inextricably linked with the health of the community in which it operates.

As such, it is equally appropriate for small companies as for large – indeed, it may be far easier or a smaller company to be socially responsible because it has more direct relationships with its various stakeholders. As a recent report on CSR from The Chartered Institute of Personnel and Development pointed out, whereas the community of large organisations is global, smaller companies can find opportunities in their own back yard.

Happy Computers, a London-based computer training company employing 42 people, is a case in point. The company provides free course materials to schools, downloadable from the internet in the form of high quality IT manuals with no licensing costs. And trainee web designers, instead of creating dummy sites, are partnered with charities, so that their training has a highly practical benefit. Happy Computers believes its socially responsible stance yields significant extra business. Meanwhile, the Scottish Nappy Company, employing fewer than six staff, is proof of the old adage, 'where there's muck, there's brass'.

The company launders soiled nappies – a service that it estimates reduced the number of disposable nappies going to landfill sites last year by about 100 tonnes. It selected a rural base to minimise air pollution by dirty nappies, and uses a computer-controlled washing machine that ensures optimum cleanliness while using minimal water, gas and electricity. Laundered nappies are delivered by LPG/dual fuel vans to keep harmful emissions to a minimum, and the vans select the most efficient route to save both fuel and time. As Willmott concludes: "There is compelling evidence that companies that practise CSR are more successful."

THE WHAT, WHY AND HOW OF CSR

Any company, large or small, interested in becoming more socially and environmentally responsible, but not quite sure where to start, should turn to the 'What, Why, How of CSR, a beginner's guide to corporate socialresponsibility' produced by Business In The Community and available at www.bitc.org.uk/resources/toolkit/index.html

Community. Community investment– in the form of charitable donations, staff time and skills, and donations in kind, for example – is often the most visible side of a company's CSR programmes.

Environment. CSR towards the environment involves making management decisions that minimise the negative effects and costs of production processes.

Ethics. The way a company thinks is reflected in its principles. Ethical principles reflect the organisation's values and those of its stakeholders and the society in which it operates. human rights. a civilised society recognises the right of every individual to liberty, freedom of association and personal safety – rights enshrined in the legal code of human rights across the globe.

Marketplace. Marketing activities can have a real social impact – for good or ill. Key issues include ethical advertising, supplier and customer relationships, distribution, packaging, the manufacturing process and causerelated marketing.

Vision and Values. Like people, companies have different personalities, and they should be recognisable by their unique character and behaviour.

Workforce. Social responsibility to staff includes not only good employment practices, but also recognition of growing concerns such as diversity and equal opportunities.