

How corporate social responsibility can change your business

A Guest Article by Melissa Davis
June 2011

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Producing an inspired and united workforce

One of the greatest challenges for any business is managing the workplace. Recruitment is only the first step; developing, incentivising, managing productively and retaining employees is part of the day-to-day challenge of running a business.

As we move into more difficult economic times, a focus on keeping up employee morale often comes as a low priority. Yet, an inspired and united workforce will lead to greater productivity and lower employee turnover and, importantly, will help to retain and recruit staff. Here, corporate social responsibility (CSR) within a company can play a key role.

Company values under scrutiny

Society's expectations of business have changed dramatically in the past decade, and this has been reflected in the mindset of employees and potential employees.

Many employees openly question the values of the company that they work for (or wish to work for). That is, they question what it stands for and what role the company, as a key societal actor in an interconnected world, plays in contributing to environmental sustainability, human rights and the easing of social burdens.

This change in attitude has been triggered partly by an increasing awareness of global issues such as climate change and poverty, as well as by a questioning of the role of business in society. In the UK, a recent survey by market research company Ipsos MORI showed that the British public continues to see environmental issues as one of the top priorities that they want companies to pay attention to, despite rising concerns about the economy.

Brand reputation on the line

At the same time, people are often sceptical of company motives, and most do not actually trust CEOs to tell the truth. Such attitudes can, in turn, have a direct impact on a company's brand and reputation – both within the company (among employees) and outside the company.

If a company then faces a scandal on the environmental or social front – such as revelations of child labour or poor working conditions – it will have problems rebuilding its reputation and recruiting top talent.

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This societal shift (particularly in Western Europe), greater competition and concerns about managing a company's brand (which is valued at around one third of a company's equity, according to brand agency Interbrand) has, in turn, encouraged many large businesses to engage in social issues such as human rights, disaster relief and community giving, often under the term "corporate social responsibility" or "sustainability".

Many companies now have basic standards of environmental and social criteria in place as part of the way they do business. Many are also now taking the CSR message beyond their employees and to their customer base.

The business case

For businesses, however, the case for introducing and maintaining CSR is often constantly reviewed. Companies – particularly smaller ones – sometimes view CSR as an additional extra and "nice to have", and something that takes a back seat when companies are preparing for tough times.

Yet CSR can be hugely beneficial to companies, both inside and outside the business:

- **CSR reflects the new business environment.** Business must respond to social change to adapt to a changing global context. Environmental and social concerns are becoming a part of this. Slow movers may be left behind or viewed as out of touch within a changing global society.
- **It can improve efficiencies.** CSR practices can benefit business by introducing more efficient processes (particularly in the environmental context) as well as reasons for innovation.
- **CSR can be used to express brand values.** A company needs to express what it stands for through action, not just words. CSR initiatives – for instance, engaging in a key partnership with a charity – help demonstrate the values of a company. This is likely to inspire and unite your employees.

For example, mail and express company TNT successfully boosted its reputation among its global employees, as well as awareness of its CSR activities, when it set up an ongoing partnership with the World Food Programme in 2002.

- **CSR is part of the pitch process.** Businesses that are players in a large corporation's supply chain are increasingly being asked to demonstrate CSR competencies. CSR policy needs to be turned into action.

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- **It is a legal requirement.** The UK Companies Act 2006 requires that listed businesses report on both their environmental and their social contributions. While full CSR reporting is not yet a legal requirement, it has become best practice within many sectors as the leading companies now report.
- **CSR helps manage your reputation.** Some companies respond to social issues to safeguard their reputation (and possibly avoid future litigation). Yet companies can also boost their reputation by having visible, responsible policies. For example, the Marks & Spencer Plan A initiative, outlining its social and environmental policies, has helped to increase awareness and trust in its brand.

Steps to implementation

While it may seem that every major company now has a degree of corporate social responsibility in place, instigating action and behaviour change among employees is still the greatest challenge for many companies. Introducing a CSR policy is the easy part; actively making sure that it is implemented requires ongoing commitment and leadership.

Some key success factors are:

- **Leadership:** While executive level buy-in is a must, it is also key to appoint CSR leaders throughout the business if CSR is to be effectively implemented. CSR is a board level issue – and should be represented at the board – but action needs to happen among employees.
- **Internal communication:** Ongoing internal communication and involvement from employees is key to effective CSR implementation. There is plenty of scope for creative ideas. Appoint “storytellers” as the communicators in the business who can make things happen and demonstrate good practice.
- **Create follow-through and a feedback loop:** Many companies have key performance indicators (KPIs) to assess where they perform well and what needs improvement. Used effectively, KPIs can help companies to become leaders through ongoing review and improvement, and can be included in the reporting process. Documenting volunteer hours among employees can also be key to the measurement process.
- **Look to best practice:** Don’t seek inspiration from your own sector only. Ideas can be gathered from other sectors and companies (large or small) in other industries. Use them for inspiration, but also make sure you comply with best practice within your own sector.

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If you're taking some first steps in CSR, your own employees are the best starting point. Get them to participate in developing CSR initiatives and ask for their ideas and feedback. CSR can be a means of motivating and engaging employees in the business. This, in turn, will make them proud to work for your company and will boost productivity as well as the employee brand.

If all goes well, your employees will talk positively about your company – and they, along with your customers, are the best communicators of your brand.

Melissa Davis
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If you would like more information on any of the points covered in this Guest Article, please contact **TCii** on **020 7099 2621**.