

# The rise of social accountability for business

A Guest Article by Melissa Davis  
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### How businesses and brands can contribute to society

In the midst of much banter on climate change and the environment, it seems that the world is going green. Business views green issues as a new way to innovate, while the media constantly keeps us up to date with our impending climate Armageddon.

While pressures on the environment are real and immediate, there are also pressing societal issues that need more support. And this is one area where business – and brands – can really make a difference.

In the 21<sup>st</sup> century, tackling societal issues has become part of the Corporate Social Responsibility (CSR) agenda. Initiatives may range from basic community involvement – often through employee volunteering schemes – to traditional philanthropic giving and high-level structured partnerships in areas such as disaster relief.

But, compared with the current urgency around the environment, business's contribution to society – whether at local or international level – is sometimes viewed as a “nice to have”: something that may inspire employees and fill a gap in the CSR report but may not necessarily be embedded into a company's business strategy. The current concern is that when the economy slows down, such initiatives will be dropped. Or where budgets are selective, businesses may choose to focus on the environment, rather than on social issues.

### Why do it?

To meet global challenges like the Millennium Development Goals (MDGs) there is an urgent need for collaboration between business, non-governmental organisations (charities and not-for-profits) and government.

MDGs are targets to reduce poverty and improve environmental and health issues by 2015. Business can play a role by offering skills transfers, co-marketing opportunities and support for grass-roots projects – not just through cash.

So what's in it for the business?

1. **It will inspire your employees.** Society's expectations of business has changed dramatically in the past decade and this has been reflected through employees (and potential employees) now questioning the values of their company – what it stands for and what it is actively doing to contribute to the world. This has encouraged many businesses to engage in social issues

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such as human rights, disaster relief and community giving. Such projects create pride among employees and can also involve employees.

2. **It is a legal requirement.** The new UK Companies Act 2006 now requires listed businesses to report on both their environmental and social contributions. While full CSR reporting is still not yet a legal requirement, the leading companies all do it.
3. **It links to climate change.** The 2006 Stern Review – the UK government’s report on the environment – revealed that people in developing nations would be a lot worse off from the effects of climate change, due to lower crop yields and the impact of climate disasters. Social issues such as increasing poverty cannot be dissociated from climate change.
4. **It helps to manage your reputation.** Some companies respond to social issues to safeguard their reputation (and possibly avoid future litigation). Food companies are promoting healthy eating; alcohol companies such as Diageo campaign on responsible drinking.

These tactics may be damage mitigation, but companies can also enhance their reputation by having visible responsible policies. For example, Marks & Spencer’s Plan A initiative, outlining its social and environmental policies, has helped to boost its brand.

### Different approaches to social engagement

There are various ways in which a company can innovate around social issues and increase its reputation, both inside and outside the company. Many companies start by selecting a social agenda that relates to their core skill and business. Tactics include the following:

- **Social marketing.** Perhaps the most highly visible example of social marketing is the Product RED campaign. High-profile consumer brands can partner with RED and donate a certain percentage of their RED product to alleviating AIDS among women and children in Africa.

There are many other ways in which brands can do social marketing – for example, by selling products that are aligned with a charity or a social initiative.

- **Adopting an issue for CSR.** A company can adopt an issue such as water provision or helping to integrate the socially excluded as the focus of its CSR policy. Usually that issue will link with the company’s key skill or competency.

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For example, logistics company TNT partners with the World Food Programme to provide skills and help with disaster relief; Diageo, the drinks company, has a programme to provide one million people in parts of Africa with clean water, and Nike Europe brings sport to young girls in the Muslim community.

- **Setting up a corporate foundation.** The foundation is a clever way of boosting a company's reputation while maintaining a degree of independence in its function. Generally, a corporate foundation will be supported by a donation of profits from the parent company, as with the Vodafone and Nike foundations.

The advantage is that there is still brand alignment, but also a freedom to support other causes that may not necessarily be linked to the core competency of the brand.

- **Brand sponsorship.** Sponsorships of grass-roots "scenes" such as the music and arts scenes is becoming more popular among brands, and is also relatively straightforward for business. Coca-Cola supports grass-roots music in Africa.

Other popular activities often relate to children or education – Sainsbury's and Tesco, for example, have their Active Kids and Computers for Schools programmes.

- **Brand influence.** Influential brands can use their status to change behaviour around social issues. This is particularly relevant for brands that resonate strongly among young people.

For example, Levi's in South Africa used its brand leverage to make HIV testing "cool" among young people. It provided Levi-branded testing facilities and "brandoms" (Levi-branded condoms).

MTV in Europe uses its brand to talk to its young audience about issues such as climate change, gun crime and HIV awareness, through websites, conferences and its own channel. These brands succeed in looking connected to their youth audiences by discussing these issues openly.

### The "social" business case

The approach and scope of social engagement will differ for each company, but, importantly, such initiatives should include plans to become self-sustainable. This means that the company may support the initial set-up costs and knowledge needed, but the scheme is later handed over to a third party.

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Social issues can encourage a company to innovate and think differently: it requires some creative thinking to ensure that both the business case and the means of execution are appropriate for the brand.

The key is to plan social elements into your sustainability agenda and, where possible, integrate them with your environmental strategy. After all, a greener planet still needs people.

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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**.