

CORPORATE SOCIAL RESPONSIBILITY

Growing the Coconut Tree

«Confidence grows at the rate that a coconut tree grows, but confidence falls at the rate that the coconut falls.» The metaphor was given by the deputy chairman of India's Planning Commission at the World Economic Forum in Davos this year. It emphasises an important aspect of the economic crisis that concerns the loss of confidence and trust in the business sector.

When executives pay themselves millions of dollars in bonuses when their company is months away from bankruptcy, then most of us have good reason to doubt the ethics and responsibility of those individuals and the companies they run. In this new economic cycle, the «rich» will be judged by how they treat the «poor», which, for businesses, makes corporate social responsibility (CSR) more important than ever before.

The «quick-fix» approach to socially responsible business practice is usually counter-productive; it may involve adopting CSR as a public relations tool or to satisfy the demands of radical pressure groups.

Implemented correctly, however, CSR can be used as an effective means to communicate and build relationships with a number of stakeholders, including customers, shareholders, potential new recruits, pressure groups and public authorities.

Implementation of CSR should not take a «one size fits all» approach; policies should reflect various attributes of an organisation's vision. The adoption of a CSR strategy requires that it is integrated into operations and becomes part of the company's DNA, as opposed to being added-on for aesthetic reasons.

It follows that, rather than making ad-hoc charitable donations, companies are better advised to support and implement meaningful projects that meet specific

business goals and stakeholder expectations. The aim is to grow and nurture the stakeholder experience together with the brand.

Throughout the whole process, CSR needs to be «done well» in order to generate intended outcomes; good intentions are not enough to produce positive change.

Questioning the cornerstones of a long-term CSR strategy can help to strengthen the effectiveness of its impact. Schwery Consulting has devised a short list of questions to help ensure that companies are making good progress. Answering «No» to any of the questions below suggests that there is room for improvement, answering «Yes» demonstrates that a company is on the right track to doing good things well.

Do you have contractual agreements with your suppliers that require them to meet industry-standards governing labour conditions and procurement?

These contracts will enable you to react to incidents where suppliers have failed to meet standards and distance yourself from unethical practice.

Are there controls in place to minimise or prevent a harmful impact on the environment through production?

Careful consideration of investment into technological development is needed to ensure that expenditure to meet standards in the future is kept to a minimum.

Do you measure and manage employee satisfaction levels?

While this might be more complex than calculating revenues and expenses, it is equally critical to a company's profitability, no matter how difficult the economic times. Equity in remuneration for all employees is a decisive starting

point, especially considering the current debate.

Does your head of CSR report directly to the CEO?

Typically, companies that truly seek to embed CSR in the business will have a director for CSR, who reports to the CEO and a cross-functional board committee. In this way a CSR strategy is coordinated through the company, involving different business functions and extending out naturally to its external business operations.

Is there an effective product donation system in place?

The goal should be to implement a system that minimises the incidences of oversupply, theft and corruption and maximises the positive impact the product has on the end-user.

Do you have an effective CSR communication policy?

Identification of where you are now and where you want to be, in terms of how you are regarded by your stakeholders, is the first step in implementing a CSR communication policy. What follows is a thorough review of the tools that you are using and the mediums through which you communicate to build a framework that can help you reach your goal.

As expectations in society rise, obligatory compliance with various industry-standards in the Watch industry will increase and CSR will become less of a choice. Instead of a continual renewal of old policies to meet new standards, industry leaders will anticipate future issues and communicate responsible business practice to all stakeholders. In sticking by a carefully customised CSR strategy, in good times and bad, these companies will reap the rewards of a competitive advantage.

Schwery Consulting is a social entrepreneurial organisation based in Biel. It uses scientific research to support an international client base in conducting socially responsible business practice. More information: www.schwery.com.