



Defining CSR

CSR and its importance has been increasingly driven by government requirement for reporting and the growing demands of the consumer for ethical and sustainable goods and services.

The UK government summarises its definition as:-

The Government sees CSR as the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides.

Specifically, we see CSR as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society.

Source www.csr.gov.uk

Extract from a speech by Gordon Brown Prime Minister

And in this modern era, issues of staff morale and motivation, brand loyalty and reputational risk, and environmental sustainability are now also widely recognised as key drivers of competitive advantage.

So as corporate social responsibility has come to mean not just charity or philanthropy but also greater transparency, environmental care and direct engagement in communities - we have seen British companies lead the world in the advancement of corporate social responsibility as it has moved from the margins to the mainstream, from the arena of charity to the arena of corporate strategy.

Corporate social responsibility broadening all the time into a belief that economic, social and environmental objectives can be pursued together and in harmony.

There is no formal definition of CSR and the UK government has devoted plenty of print to describing CSR, but how does this relate to companies?

In common with climate change issues, just one aspect of CSR, companies perceive CSR as both a risk and an opportunity. Their view directs their activity and defines a reactive/defensive position or a proactive position.

Possibly the best definition of CSR is as **Impact Management**, the management either positive or negative of a company's impact on its employees, suppliers, the environment, communities, and as a social catalyst.

Employee Welfare relates to both the actual well-being of the employee in their workplace and beyond, but also covers health and safety requirements, which reach beyond voluntary practice and into legal obligations. The status of the employee as a "customer" and "sensitive asset" has led companies to perceive the value of creating workplace environments that are attractive to applicants and corporate values that are aligned to wider societal interests.

Suppliers position in CSR is through the wider impact of their activities and how a company that purchases from a supplier ensures ethical production, social and local community welfare. The ethics of supply, especially in developing world countries is a key CSR issue that has been driven from consumers and adopted by many of the largest companies in the world. Ethical supply links to brand value.

Environment is currently the most visible aspect of CSR, due to the nature of the growing challenge of sustainable production and consumption and climate change. Companies can reduce the impact on the environment from their operations, support better sustainable practice amongst employees and suppliers, whilst enjoying commercial success. Environmental policy is now a key part of corporate decision making in large quoted companies.

Communities are affected both locally and globally by the activities of a company. At a local level a company can make a positive contribution to the community that immediately surrounds its premises through the development of local programmes and voluntary activity by staff and company. The impact on global communities especially through supply chain activity mirrors the same approach and may in developing countries involve social housing and education initiatives.

The management of the non commercial activities and strategies of a company in support of its CSR policy may at first appear to be a cost burden for a company but are found to be supportive of sales, brand, employee loyalty and investor popularity. CSR is the realisation that pursuit of profit at any price is not a sustainable business approach. The "greed is good" mantra of the 1980's has been replaced by the "caring commercialism" of the 21st century.