

## **Could you be nominated for the ‘Most Irresponsible Company’ Award?**

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Not far from Davos, home of the annual conclave of business and political leaders, an alternative forum has been taking place for the last few years. It is here at this unobtrusive event that a gathering of non-governmental organisations (NGO’s) hands out awards to ‘irresponsible companies’. Not surprisingly, no company representatives show up to receive their awards, but those companies considered worthy of the accolade tour the world constantly within the web environment!

Those company directors, who tread a fine line between cosmetic responsibility and the genuine thing, have little time for trawling the depths of the corporate social responsibility (CSR) concept. For the majority, perhaps, funding an NGO project seems to be considered adequate!

Last May, the Reputation Institute held an international conference in the Spanish capital Madrid, and the chief item on the agenda here was without question the CSR concept. By all accounts then, CSR is becoming a mockery not only in Turkey, but in the international arena to boot!

The papers presented at the conference were naturally scripted with an emphasis on the connections between corporate reputation and CSR. However, the greatest danger in store for anyone involved with the CSR issue is that these strongly emotive concepts have actually developed a ‘boomerang’ effect...

The danger exists due to the transformation of social responsibility into a ‘marketing tool’. Company directors characteristically look for a formula to account for the funds they allocate to this area. And they see the short cut as bracketing the outlay with sales and marketing operations. The net effect is an attempt to create an environment of combined ‘buyer-seller satisfaction’. In fact, as witnessed in one of the papers presented in Madrid, a professional agency can even take pride in announcing that it awards company ‘certificates’ for CSR performance!

Directors who consider contributing to corporate CSR performance need above all to absorb two fundamental facts. The first is that companies are responsible towards society from the moment they are established. The responsibility is not a matter of preference; it derives from the expectations of society. And it is arguable how long companies can survive if they fail to accommodate these expectations. The second key fact is concealed within the concept of ‘sustainability’. In its essence, sustainability is a theory dressed up in the philosophy of corporate social responsibility; but it does not

imply the antithesis of ‘profitability’. Quite the reverse, companies are expected to maintain a level of sustainable profitability, but without forgetting their social responsibilities!

This is precisely the point of the DJSI (Dow Jones Sustainability Index), the second index launched by Dow Jones in 1999. The index provides a platform for investors to reward companies, which on the one hand achieve sustainability of financial performance and on the other espouse a ‘quality’ philosophy that coincides with society’s sensibilities and values. While there are thousands of companies in the normal index, the number of companies to meet the qualifying criteria of the DJSI has yet to reach anything like a comparable level.

Early in the new millennium, the World Business Council, one of the pivotal organisations of the business world, formed a sustainable development division (the World Business Council for Sustainable Development), and declared its aim as being to provide leadership in sustainability with particular emphasis on the social responsibilities of the world’s foremost companies. Following quickly on the heels of the WBCSD, the International Business Leaders Forum also launched an extensive campaign about what it really meant to be ‘socially responsible’. The single aim of this and other organisations was to prevent CSR from being turned into a ‘parody’ of itself.

The central issue today is blueprinting a system that is able to distinguish between those companies and directors who genuinely advocate the social responsibility philosophy and fulfil its prescriptions, and those who ‘exploit’ the CSR concept ‘to make it a mockery’. Efforts in this direction have been undertaken the world over and culminated in recent years in a venture headquartered in Boston and known as the Global Reporting Initiative. The GRI endorses a system known as ‘triple reporting’, which is structured around key principles and standards of corporate performance in relation to finance, social responsibility and the environment. As a result, companies are now able to make public their responsibilities towards society, sustainable profitability included, in a way that is at once sustainable and conforms to the rules and principles defined by society.

If directors want to integrate the corporate social responsibility philosophy into company policy, there are a number of key issues they need to address. These are listed below:

- Before anything else, it is recommended that all company directors go through a briefing process. The web pages of organisations referred to in this article, such as the International Business Leaders Forum, the World Business Council for Sustainable Development, the Dow Jones Sustainability Index and the United Nations Global Compact are helpful in terms of making maximum headway in minimum time. The resources are of particular benefit in terms

of enabling comparison with examples from around the world and analysis of the platforms on which theory and practice are brought together.

- CSR represents the 'heart' of a company's management. In other words, it is not the job of communications people. Handling the communications side of future CSR projects may rank among the functions of communications people, but the CSR concept is a symbol of corporate management quality. For this reason, it is essential that the company's CEO/general manager along with the entire management team espouse the concept and espouse it from the same viewpoint.
- No social responsibility project that excludes the company's personnel stands any chance of success. Whatever the project to be executed, personnel are first expected to embrace the project wholeheartedly and administer the principles of sustainability.
- Social responsibilities are about the 'exchange of feelings' between companies and society. Projects are the station stops on the journey of this exchange. It does not permit the luxury of acting one day and being non-committal the next! It is therefore imperative that realistic funding is allocated and continuity and consistency are maintained. As yet, there is no currency on the face of the earth to cover the cost of disappointing society.
- To have 'commercial expectations' of social responsibilities is tantamount to the death sentence. In particular, to communicate the expectation literally spells 'suicide'.
- 'Tone and volume' play an important role in the communication of projects. The optimum kind of communication is positive feedback from those sections of society at the furthest reaches of the projects! Don't let it be forgotten that 'in your face' communication could easily end in disaster.
- To receive an 'achievement award' in the realm of social responsibility is no 'crowning achievement'. The awards issue is in some ways comparable to the practice by insurance companies of advertising in the press their prompt and full payment of client damages. This is required of them in any case! And companies have a duty of responsibility towards society in any case. There is no need to 'reward' this into the bargain. CSR should not be a means of satisfying the drive for reputation.