Theme Paper

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Theme: CSR - A Strategic Business Management Concept

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A reputation for responsible conduct and fair dealing can help to build the trust that is necessary for markets to effectively operate and for companies to succeed. Trust and leadership are important in business and for building relationships with stakeholders, especially in an uncertain and cynical age (Blois, 1999; Greenwood and Van Buren, 2010; Coulson-Thomas, 2017a and 2018b). Directors should question, challenge and exercise independent judgement from the perspective of what is in the best long-term interests of the companies upon whose boards they serve (Coulson-Thomas, 2018c). They should also take the interests of stakeholders into account when making decisions, as their continuing support or lack of it will largely determine their companies' futures.

Directors should be open-minded and should not take anything for granted, or lazily go with the flow, or hope for the best. If there is something that they do not understand, they should seek clarification. If there is an issue that concerns them, they should probe. When individual directors do question they often find that they are not alone. Acronyms are frequently taken for granted. Board members may be reluctant to ask what they mean for fear of appearing ignorant or being regarded a time waster. Consider corporate social responsibility and its acronym CSR. Is it a matter for the board, or should it be delegated while directors focus on more important issues?

Is CSR going under the radar and not discussed more in boardrooms because qualifying Indian companies feel obliged to do it, and a responsible executive provides assurances that Companies Act requirements are complied with? Can CSR influence the extent to which a company is socially responsible and/or has an ethical corporate identity (Balmer et al, 2007)? Looking at the words corporate, social and responsibility, there are many questions that a director could ask. Responses obtained might be very revealing of the attitudes, perspectives and priorities of colleagues around the boardroom table and how they see their roles, accountabilities and responsibilities.

Unpicking Perceptions of CSR

So what are the social responsibilities of those in business (Bowen, 1953)? Consider the first word of the acronym CSR, namely “corporate”. Is the term taken to only cover those activities undertaken by a company itself and their impacts, or does a board's CSR perspective embrace its supply chain and any value chains of which it is a part? In our inter-connected world, does it embrace a company's network of relationships? Do suppliers and in turn their suppliers observe the same standards of social responsibility in relation to their activities and conduct? An incident or behaviour in some seemingly remote part of a supply or value chain, or a corporate network, might have the potential to do great harm to a corporate reputation.

For some, the second word of the acronym CSR is “social”. How is it interpreted or understood? Do boardroom colleagues and responsible executives distinguish between social, economic and other impacts? Social responsibility should be related to social impact (Coulson-Thomas, 2016). If a link is made between social and society, does a societal perspective extend to local communities, a headquarters location, where certain stakeholders reside, or a company's perceived “nationality”? In

the case of environmental impacts, does it embrace the planet? Views sometimes differ as to what activities should be considered “social”. For others CSR embraces “sustainability”, whether in terms of allowing corporate activities to continue or living within the limits of natural capital (van Marrewijk, 2003). Either way, criteria and guidelines may need to be current.

The third word of the acronym CSR, namely “responsibility” raises the questions of responsibility to whom and for what? Are boardroom colleagues ranking different responsibilities or being consistent across all of them? Do they discuss what might be considered responsible in terms of legal and regulatory requirements, or in terms of capacity and potential to benefit? What about responsibilities to future generations? Is a distinction drawn between responsibility and accountability? How each is perceived can have behavioural consequences.

Boundaries and Influencing Factors

Board members need to consider whether their being responsible and behaving responsibly is an example of self-deception (Trivers, 2011). Do they distinguish degrees of the extent to which activities or decisions could be regarded as responsible, or do they question and discuss whether they are responsible or not? Other than in respect of a legal or regulatory requirement, does it make sense to apply different criteria to CSR initiatives and other corporate activities? Shouldn't all corporate conduct be responsible? In relation to this question, could some business leaders learn from their equivalents in the voluntary sector (De Hoogh and Den Hartog, 2008)?

How should a board react to the impact of collective activity such as that of a particular sector? Are there areas in which CSR needs to be collaborative, as might be the case with actions to address the challenge of climate change or global warming? Does CSR activity always need to be selfless from the perspective of corporate personality? Excluding certain activities that benefit other parties and external groups from CSR because these activities also benefit a company may rule out certain win-win initiatives and mutually beneficial and shared outcomes.

Directors sometimes need acute antennae. For example, is corporate conduct affected and are a board’s decisions influenced by the fact that other companies secure competitive advantage from engaging in behaviour that in other circumstances might not be considered responsible? Are certain areas not being discussed in order to avoid a spotlight being shone upon them and to keep any mention of them out of board minutes?

Some directors incur the ire of colleagues by alerting them to matters they would prefer to ignore, and doing so in a way that ensures a record is made that they have been informed that an issue either does or may exist. In some circumstances, not following up might lead to legal liabilities. In many jurisdictions, legislation imposes various and stringent duties and responsibilities upon company directors. Where ignorance is not accepted as a defence, the sooner an item is brought into the open and appropriate action can be taken the better.

Embedding CSR into Business Strategy

One route to ensuring that actual or potentially critical but uncertain issues are not ignored is to ensure that “social” and “responsibility” considerations are addressed when strategy is formulated and important decisions are taken. They can also be integrated into marketing considerations (Maignan and Ferrell, 2004). Stakeholders, including customers, can be members of a wider society and responsible conduct, whether initial actions or responses, can be important in building relationships with them and increasing trust.

Irresponsible conduct, not treating people responsibly and avoiding responsibility can all undermine

and destroy trust. In some cases it can be quickly lost. Whether or not organisational fairness will have an impact upon behaviour may depend upon personal values (Fischer and Smith, 2006). Boards might need to consider how embedding deep rooted, philosophical and ethical values that people relate to within an organisation can be beneficial, for example in terms of the behaviour of employees or how it is perceived (McNutt, 2010). Directors should consider whether aspirations, objectives and strategies for their achievement are responsible in the context of social responsibility criteria.

Are directors listening, engaging stakeholders and building stronger connections (Coulson-Thomas, 2014 and 2018a)? Are key stakeholders involved in CSR discussions and taken into account when responsible business strategies are formulated? How can a company ensure that its business development strategy leads to responsible growth? Where a CSR committee exists, including in response to a legislative requirement, in addition to policy, planning and control in relation to CSR, in what ways might it contribute to the determination of a wider and responsible business strategy?

Image and Corporate Reputation

The role that CSR can play within a framework for enhancing corporate identity, image and reputation should also be considered (Marwick and Fill, 1997; Gray and Balmer, 1998). However, care needs to be taken to ensure that CSR and other corporate initiatives are not perceived as a distraction, deceit or window dressing, as activities thought to be undertaken just for such purposes might be counter-productive and harm relationships.

Future corporate reputation might depend upon ensuring that short-term pressures do not compromise longer-term interests. Similar considerations may apply to corporate and sector practices for achieving objectives. For example, within the fashion industry should clothes be modelled by people whose body shape encourages others to slim to the point of anorexia, or damages the self-confidence of those who are a more normal size? Are such practices socially irresponsible? If so, how does one build a more socially sensitive board and managerial team?

In many companies, do board members have an agreed or aligned view of what represents responsible corporate citizenship? Do they view the companies for which they are responsible as corporate citizens in the context of society? If they benefit from society, to what extent should they give something back in the form of a social return or dividend? What needs to be done to build trust and a closer relationship between business and society? How might CSR considerations be better utilised to also build competitive advantage, especially in areas such as brand reputation and with certain stakeholder groups such as millennials? Which aspects or elements can best be leveraged?

Corporate Governance Considerations

To what extent is responsible behaviour related to the moral principles or core values of leadership and a leadership team (Andersen, 2017)? Are senior executives more or less ethical than many of those for whom they are responsible? Because individuals in senior leadership roles can come and go, the challenge for many directors is to ensure the resilience of certain values and responsible behaviours throughout a corporate organisation, including during periods of uncertainty and leadership change and when those at the top are not necessarily directly involved in an activity or decision.

Directors with aspirations for a company to become a more responsible business could review how CSR considerations might be better built into governance arrangements, processes and practices. Are they reflected in a company's mission, corporate objectives, statements of corporate values and the tone from the top, including the board's own practices and conduct? To what extent do directors consider inclusiveness issues or the extent to which the value created by a company is widely shared? Are there best practices that can be shared? Are guidelines for decision making required?

What about recruitment, remuneration and other practices? Do factors such as social sensitivity feature in selection criteria and the briefs of those searching for potential new directors? Should there be more oversight of corporate communications to ensure that they are socially responsible? Should more people benefit from flexible working arrangements that might better suit those with caring responsibilities? Could a company's mission or purpose be turned into a cause? Should its vision or its goals be more socially responsible? Are CSR initiatives aligned with them?

Reporting Considerations

As boards seek to do more to address the interests of a wider range of stakeholders, build relationships with them and become more socially responsible, questions also arise relating to social accountability and integrated reporting. Corporate statements have evolved to take account of ethical and environmental considerations (Comite, 2009). Are boards aware of options, standards and best practice in these areas? What impact might ISO 26000 and SA 8000 have? How should one assess and report CSR activities and performance? Should integrated accounting and reporting and Global Reporting Initiative standards relating to sustainability be adopted?

In relation to reporting, how does one ensure that corporate reports are fair, proportionate and responsible in relation to challenges, opportunities and what has been achieved and for whom? The general importance of fairness for trust and trustworthiness should not be overlooked (Roy et al, 2015). For example, how does CSR and business strategy, activity and reporting relate to Paris Climate Change Agreement (2015) voluntary obligations or United Nations (2015) Sustainable Development Goals and the social needs they are designed to address?

Are transparency and respect aspects of responsibility? How do and should boards obtain assurance on the reality, significance, relevance and value of what has been achieved and reported? Should more board's commission independently undertaken corporate social audits of positive, negative and net impacts upon society and how these relate to CSR and social business objectives and the expectations of stakeholders?

Repositioning CSR

Are the notion of an authentic company and whether CSR is authentic inter-related (Croft, 2005)? The contribution of CSR can reflect how it is perceived within a corporate organisation. Is it regarded as important and relevant to the whole, or as a marginal and largely self-contained activity? Who goes into CSR? Do ambitious high fliers seek out CSR roles, or are those who can be spared and who are viewed as “well meaning” rather than “competitive” allocated to them? Can one change CSR without changing the people involved with it? Are CSR teams waiting like coiled springs to be released and enabled to play a more significant role and have a greater impact?

For boards that place greater importance upon socially responsible objectives, strategy, conduct and performance does CSR need to be repositioned? What role should it play in relation to how social media is understood (Hinton and Hjorth, 2013)? Does it need to move from the margin to the mainstream? Should it be rated more highly as an academic subject and as an area of professional practice? Would some of those who are concerned with it benefit from development and greater recognition? Could and should a CSR model or programme be scaled up? Might it become more sustainable than current activities? Would it then project a more forward looking image?

Should more attention be given to social entrepreneurship and the conversion of social needs into business opportunities? Could a social perspective and social ambitions lead to the regeneration of a company and inspire and re-energise its people? Could it build loyalty and trust in e-business

(Karake-Shalhoub, 2002)? There has been a general decline in trust (Harrington, 2017). Could a reviewed and revitalised CSR help to restore it? Would more socially sensitive marketing and corporate communications reach new, different and younger communities, bridge generations and build a more caring image and a more valuable brand? Might a corporate or wider business response to social issues have a significant impact? Could it bring about a new era of social change and development, either independently of Government agencies or in collaboration with them?

CSR Project Management

In sectors such as construction or consultancy, some companies are in essence portfolios of projects. One also encounters companies whose futures are dependent upon certain mission critical projects, whether a new computer system or model of car. Directors may need to ensure and assure that a company excels in project and programme management. In other areas project management may receive less attention. Is there a danger that the focus of some CSR projects may be upon inputs, or compliance with requirements relating to expenditure, rather than outputs or the benefits delivered?

If it is felt that CSR could make a more significant and strategic contribution, should a spotlight be shone on the planning, monitoring, audit and evaluation of CSR projects? Could they contribute more to the management of corporate image and reputation (Gray and Balmer, 1998)? Are they benefitting from professional project management? Where professionals are involved, or need to be introduced, do they have experience of community development and/or other socially and ethically motivated projects and their promotion? Many executives have limited exposure to community engagement and involvement, partnering with social enterprises, or collaboration with NGOs to scale-up an activity and assess and increase its impacts.

Corporate and project leadership should encourage creativity, innovation and entrepreneurship (Coulson-Thomas, 2017b). Sometimes there is a tendency to manage rather than grow projects. Are certain project managers so focused on delivery and keeping to budget that they miss opportunities to expand an activity, obtain additional funding and/or innovate? Are more entrepreneurial skills and different approaches required to develop and grow large-scale CSR projects? Should a project be opened up to collaborators? Does partnering and fund-raising competence need to be developed or brought in? Are there particular problems in raising finance for CSR projects? Is a company ready for a CSR project to become a significant proportion of its total activity and social impact?

Balancing Business and Societal Growth

Corporate citizenship, ethics and social responsibility are inter-related (Mackey, 2014). Some companies impose unwelcome burdens upon local communities, such as polluting effluents, noise, additional traffic that clogs a road or power and water demands that result in shortages. Local communities may struggle to provide the skills and services they require. Companies can be overtaken by technological innovation or a new business model, or outgrow their origins and move elsewhere, leaving desolation and unemployment behind. Achieving a balance between corporate and community requirements and business and societal growth is a measure of social responsibility.

Ideally, business and societal innovation and growth should be compatible, aligned, inclusive and sustainable. Collaboration can share the challenge of change and smooth upward and downward trajectories. Successful adjustment and social change can depend upon how companies respond to social issues and engage with local communities. Should discontinuity and radical change trigger a review of community involvement, communication and engagement strategies? Is a company prepared for brand, community and other stakeholder activism? Are new approaches and greater use of social media required? How can value-driven CSR agendas, activities and conduct help?

By attending the International Conference on Corporate Social Responsibility, directors concerned with the effective governance of CSR and corporate foundations will be able to benefit from the experience of authorities, their peers and Golden Peacock Award winners. For some companies the conference theme: "CSR - A Strategic Business Management Concept" reflects where they are. For others it might represent an aspiration. Most companies and the societies within which they operate are confronted with both challenges and opportunities. The forthcoming conference represents a networking, sharing and learning opportunity for socially responsible business leaders.

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Further Information

The 2019 International Conference on Corporate Social Responsibility is organised by India's Institute of Directors. Further information on the convention can be obtained from: https://www.iodglobal.com/corporate-social-responsibility-2019.html

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