

CSR needs a bigger goal

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CSR is often accused of being a smokescreen for business-as-usual and that it has played a role that disguises corporate abuses. The problem for CSR is, it doesn't go far enough.

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Buried deep in the media reports of AIB's recent AGM is a remark that speaks volumes about the real challenge of Corporate Social Responsibility, or CSR as it is known in the patois of the marketplace.

Definitions of CSR abound. In a sentence it amounts to a voluntary code of practice designed to get business to commit to acting ethically and responsibly in relation to all of its 'stakeholders' - a group that includes the workplace, the marketplace, the community and the environment.

That we should need such a code, and hundreds, maybe thousands of CSR firms and consultants around the world, trying to keep business from sliding over the ethical line is surely worth a comment in passing.

As well as encouraging ethical behaviour, CSR's other raison d'être is to cajole business into sharing some of its considerable resources with the community in which it exists. To nudge it gently away from determined self-interest in the direction of the common good.

On its website, Business in The Community

Ireland defines a leading role for Irish business in *sustainable development*, ensuring that 'everyone enjoys a high quality of life within healthy and prosperous communities, now and in the future'. And who can argue with that?

But back to AIB's AGM. After a very fine speech in which the Chairman painted a rosy picture indeed of the Bank's strong performance and ultra-bright prospects, there were questions from shareholders, one of which had to do with global warming.

According to the Irish Times financial correspondent, Siobhán Creaton, the Chairman said the Bank was making plans to deal with global warming, and confirmed that earlier this year they had relocated some of their data centres that could be at risk from flooding.

Now I don't know about you, but had I been in that audience I would have been fascinated to hear what the bank is doing about its contribution to the global warming crisis. How it is screening its loans and investments to minimise carbon emissions or avoid supporting harmful industries. That sort of thing.

Just a couple of weeks before that, addressing the annual conference of the Irish Management Institute, the global CEO of drinks giant Diageo

acknowledged that self-interest lay behind his company's CSR activities. Brownie points for candour. Labelling it 'enlightened self-interest', he told delegates that Diageo always exercises CSR in a way that benefits shareholders.

Take the growing problem of excessive alcohol consumption among our youth population. Diageo is helping to tackle this by funding new research into the problem, from which they intend to develop 'science-based interventions' to address it. According to this business leader, his company doesn't want young people going on mega-benders because this could lead to increased taxes on its products and a squeeze on revenues.

I don't wish to dilute this worthy work in any way, but had I been in *that* audience, I would have been more than pleased to hear about Diageo's plans to explore their own contribution to the problem. How blanket advertising of their products and sponsorship of sporting and entertainment events contributes to a culture of over-consumption. And no one in this galaxy falls for the corporate bunkum that says advertising has no effect on the problem.

In both of these examples, the corporate response to important environmental and social issues is resistance, motivated by self-interest. A classic response from a system under attack that steers well clear of the real problem.

The intention here is not to pick on AIB and Diageo for special scrutiny. Scratch the surface of most large organisations today and question marks will almost certainly appear over some aspect of their operations. Neither is it to suggest that CSR has failed. Many organisations are doing positive things for their neighbourhood in the name of corporate social responsibility. And to be fair, even if it's still far from perfect, the practice of environmental and social reporting has at least started.

As part of their CSR strategy many larger corporations now issue glossy accounts of how they're doing in relation to their key stakeholders of workplace, marketplace, community and the environment, because they know their

customers and investors, and indeed the general public are increasingly interested in such things.

So what is the problem?

CSR is regularly criticised for being little more than a PR opportunity to stoke up warm feelings in the community as the media records the joyful opening of some new, donated facility, or snaps the handing over of a cheque to a worthy cause that 'fits' with corporate brand values.

The PR charge is not entirely fanciful or even mischievous - companies do get media mileage from their good deeds and that seems fair enough. But sometimes it seems the people who are most easily persuaded of the organisation's benign benevolence are those at the top of the organisation itself, for CSR can also be a smokescreen for some of the worst kind of corporate abuse going.

Enron is one example. Six environmental awards in 2000. On the All Star List of Most Admired Companies. Had a comprehensive CSR programme and a VP of Corporate Responsibility. Was actively involved in stakeholder engagement, workplace diversity and human rights issues. 'Respect' and 'integrity, were two of its stated core values. And all the while, we now know, senior executives of this brightest of bright lights on the US stock market were presiding over a house of cards that was to become the greatest financial collapse in US corporate history.

That's the problem. *CSR doesn't go far enough.* In Enron's case, a raft of CSR activity masked a reality of bank fraud, criminal accounting practices and highly suspect business behaviour all designed to keep the stock price artificially high and the pockets of senior executives overflowing. The final cost to society- and to the institution of business - may never be known, but at it's most basic it's counted in billions and billions of dollars. In purely human terms, at least five thousand jobs disappeared overnight and a billion in retirement funds were lost - and this from an organisation that professed itself to be "socially responsible".

Corporate Social Responsibility has a solid ring to it. Like road safety or school discipline, few would vote against it. However, it's also an impersonal term and feeds the illusion that the corporation is a detached entity that can somehow be responsible. But an organisation can't *be* anything.

As the Enron case shows, responsibility is a personal issue. The organisation is in the people and not the other way around, so corporate responsibility is a collective *personal* responsibility vested in everyone who makes choices and decisions on behalf of the corporation.

Writing a cheque to support a local project is an easy way to be 'responsible' as is the compiling of voluntary corporate responsibility reports, so insofar as these activities are its focus, CSR is doing its job. What the process doesn't do, indeed cannot do, is reach into the labyrinth of day to day decisions corporations make in relation to how they do their business, and that's where corporate responsibility to society really bites.

Responsible decisions come from a culture where responsibility is understood and valued, where there is a collective understanding of the organisation's role in the world beyond its own short-term needs, and an empathy for the impact individual choices and decisions have down-the-line - in some other place or at some other time.

However, in cultures where competition is the prevailing theme, fear becomes the prime motivator and personal values such as responsibility can come under great pressure. This conflict lies behind much of the schizophrenic behaviour of companies who claim to believe one thing but do another. The blurb says 'we really care about you', but the experience tells you something different when the telephone is answered by dumb technology, or the customer care department is outsourced to a disembodied, and all too frequently disinterested call centre.

This sort of behaviour eats away at the level of

public trust in business, and undermines the concept of CSR. When the walk doesn't match the talk, the wonder is that any business should think people don't notice. They do.

We're all complex living systems. You, me, the organisation, the town... systems nested within systems. A basic appreciation of how living systems work tells us that our sense of purpose and direction are derived from the needs of the wider system. Perhaps the problem with CSR strategies is that they don't connect widely enough with the outside world, or dig deeply enough into the soul of the corporation, to test its purpose, vision and values.

If it is to mean anything, corporate social responsibility should surely include a willingness within corporations to fundamentally change what they do, if necessary, in order to meet the pressing needs of the wider system they serve and depend on. A quick glance at the fate of the Church in western society provides an interesting insight into what happens when you aren't open to the needs of the wider system.

Once the epicentre of the global order, the institution of the church began to crumble when the bureaucracy became invested in maintaining its institution and forgot that its founding purpose was service to the wider system. Resolutely inward looking, it didn't notice that the world was going in a different direction, until one day it awoke to discover the basis of its legitimacy had largely vanished.

No one would have predicted such a future fifty or even twenty years ago, but this is the destiny of any institution that ignores the first law of nature: if you're interested in surviving, the primary objective is to make sure whatever you're doing serves the long term interest of the wider system you're part of.

In the wider system in which business sits, the frightening prospect of ecological collapse due to sudden climate change, continues to move evermore from possibility to probability. It's undoubtedly the single greatest threat to survival our species has ever encountered, however it also embodies the greatest opportunity business

has ever had to put its ingenuity into service to humanity - if it wakes up in time.

The first thing to accept is that the pressing problems we are facing won't be resolved within the mindset that created them and keeps them in place. As Einstein observed, we don't 'solve' our problems as much as outgrow them, by seeing the world differently.

Organisations that see themselves as separate from and independent of the wider system, will ask questions like: How should we spend our money? What social and environmental initiatives should we support? How can we clean up our mess? A social responsibility programme that addresses these questions will focus on the symptoms while leaving the causes intact.

On the other hand, the mindset that appreciates that the organisation is 'nested' in the wider system in a relationship that is *interdependent*, will ask different questions: How should we *make* our money? How can we do that in a way that serves the long-term interests of the wider system, that in turn will serve our long-term needs? How can we do business *without* making a mess? Here, a social responsibility programme will go upriver, to the source.

One approach clearly makes more sense than the other because it attempts to tackle the real issue, while the other is an easier option because it doesn't question the foundation of the organisation's culture - its purpose and value system. The easy option requires the artful management of the optics, while the other calls for courage, and visionary leadership.

Humanity's tentative response to the alarming global crises now appearing on the radar, highlights an unsettling deficit of leadership the world over. Where are the leaders, or leading organisations who, in the words of Robert Greenleaf, author of *The Servant as Leader*, 'are so far ahead they make even the best feel uncomfortable'?

It's not enough to commission a survey to find out why young people are drinking too much, in

a world of wall-to-wall advertising for alcohol. And when the grandchildren of current business leaders ask what did we do when we discovered our business model was causing climate change and ecological meltdown, they'll want to know grandad did a bit more than move the safe deposit box to higher ground.

The leadership role in business today has to be about stewardship of the resources entrusted to it by future generations. With fewer places to hide in today's media-saturated society, business really has little alternative to changing its behaviour in a way that is obvious to the world, if it doesn't wish to remain in that vast grey area where Joe Public doesn't know if it can be trusted or not.

Future rewards will be rich for leaders who will courageously hitch their organisation to the real needs of society now. People know there are problems, and those who support organisations with their custom want to feel their support is making a difference. People who support organisations with their labour, want to do meaningful work. There is a yearning for a different approach and there is already a movement out there waiting for a tipping point to emerge.

All of the sought-after human qualities in business today - commitment, productivity, creativity, innovation on the inside, and goodwill, loyalty, reputation on the outside - can be energised by putting the corporate shoulder to the wheel of something truly meaningful. An audacious, Man-on-the-Moon vision worthy of the responsibility that comes with the enormous privilege business enjoys in society.

Yes, it has done much harm while doing a lot of good. However, as the dominant shaping influence on the planet today, business is also the best placed institution to make a difference by really addressing the ecological and social problems that threaten our future. It has the best brains. It has the money. It has the networks, the global contacts, and it's used to winning. If it chose to, business could transform the world and all the stakeholders would be winners: the company, its customers, employees,

shareholders, and society.

Now, if *that* was the goal CSR was chasing, wouldn't that be something? ||| **dya**

About the author

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