

HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY

August, 2007

Corporate Social Responsibility, or CSR, is a business strategy with a growing currency in the US and around the world. Closely linked to the principles of "Sustainable Development", the concept argues that organizations have a responsibility to multiple stakeholders in the conduct of their business and not just to the shareholders. It is an organization's way of integrating economic, social and environmental imperatives of their business.

The World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".

Although this may be at odds with the financial expectations of maximizing shareholder value, American companies are becoming much more aware of their responsibilities to the communities in which they operate. And, they are vigorously, but not universally, embracing these objectives.

Indeed, corporate annual reports are indicating significant citizenship activities that add value to their stakeholders. PepsiCo, for example, clearly articulates its citizenship responsibilities regarding the environment, community affairs, contributions to charitable causes, health and wellness, and HIV/AIDS initiatives. Kellogg's donates over 20 million dollars of their products each year to fight world hunger. In 2005, Ben & Jerry's opened a store in Austin, Texas for a community organization that helps at-risk youth and families. The store provides job opportunities for the community's clients and all profits from the store go directly to the organization. Ben & Jerry's does not collect a franchise fee.

CSR can be defined by many variables. Yet more and more stakeholders are requesting and demanding that companies in their communities and portfolios focus as much attention to their CSR as they do to their financials.

Human Resources share the lead in articulating and advancing the objectives of the company's CSR initiatives. In the quest for top notch employees recruiters at colleges are routinely being asked about their company's commitment to and examples of CSR. Generation X'ers and Generation Y'ers are aggressive in their desire to work for companies that are socially responsive to their communities in addition to their financial and business acumen.

Here are some suggestions for Human Resources leaders on how to promote corporate social responsibility within their organization:

- a. First, define corporate social responsibility for your company. What works for a bank or industry may be completely different from a bottling company and a hospital;
- b. Establish metrics for measuring the impact of the company's CSR practices. For example, what percentage of after tax dollars is used to support these activities? How does it compare to other comparable companies? How many labor hours per month or per year are set aside for CSR activities? Quantitative metrics are easier to defend and promote than qualitative metrics.
- c. Involve employees in defining and advancing CSR. Form ad hoc groups to decide how best to be appropriately socially responsible with the resources available. Give them the authority and responsibility to figure out a way to make it happen. They will do it far faster than some corporate committee;
- d. Keep track of all measurable costs. As much as the company wants to be socially responsible, it also has an obligation to be fiscally accountable to other shareholders;
- e. Communicate to everyone - sometimes subtly, sometimes loudly. Publicize your activities internally to all employees and externally to all other stakeholders as appropriate. Invite civic, religious, and corporate leaders in to show what you are doing and encourage them to join you in their efforts.

- f. Establish positive and pro-active relationships with other socially responsible companies. There is power in numbers and they are always a great source of ideas that might work for your organization.**

Corporate Social Responsibility will not solve all of society's ills, but it will go along way to making the world a better place. In corporate terms, CSR makes good business sense. It gives everyone a reason to smile. It is what the future of business is all about.

Word count: 669