Actionable CSR: Engaging People and Enabling Socially Responsible Behaviour

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Corporate Social Responsibility (CSR) has a long pedigree. In the 1920s and 1930s there were concerns that the economic power being accumulated by large corporations could be used in ways that might harm the interests of others. At the same time its potential for good was recognised. The writings of Barnard (1938), Clark (1939) and Kreps (1940) covering the responsibilities of business executives, the social control of business, and how the social performance of business might be measured laid the foundations of the current discussion of 'actionable CSR'.

Actionable CSR is about how to 'make it happen' in terms of using corporate capabilities to benefit a range of stakeholders, including the company itself. Too often social responsibility and other policies remain as words on paper, and there is a wide gap between boardroom aspiration and the reality of conduct on the corporate front line. Cost-effective means need to be found of implementing CSR policies.

Legal and Regulatory Pressures

In a competitive market and tough economic climate many business decision makers are keen to be responsible, but they are also under great pressure to improve performance and contain expenditures. At the same time they are aware of customer, public and media expectations, and of their legal duties and responsibilities. In some jurisdictions there are various laws and regulations that require responsible conduct.

In the UK, for example, many pieces of legislation impose specific responsibilities upon directors. The 2006 Companies Act requires directors to take account of the consequences of board decisions for different groups of stakeholders. In the absence of effective corporate responses, there could be pressure for more legislative and regulatory action. Is it possible to be both socially responsible and profitable?

Responsibility and Profitability

Some boards worry about the impact of CSR on maintaining financial returns to investors or coping with adverse economic conditions. Some suppliers of products whose consumption or use have adverse impacts may worry about the cost of reducing the harm they cause. Other companies adopt a longer term perspective, such as advocated by Davis (1960) and Johnson (1971), and take a different view. Over time they might loose business to competitive and substitute products that are less harmful if they do not act to prevent damaging consequences.

A strategic approach to CSR involves looking for ways in which an organisation can work with its stakeholders to mutual advantage, for example to reduce negative impacts and increase the benefits of corporate activities. Areas can be identified in which socially responsible activities can create shared value. Working collaboratively may increase the benefits for all the parties involved and the wider public. If key stakeholders are properly engaged the prospects of a business can be transformed.

Bowen (1953) pointed out the impact that corporate activities can have upon the lives of many people. The author's investigations (2002b & 2004) suggest the thought of more responsible conduct causes concern to some companies that view social and environmental impacts as a challenge rather than an opportunity. An actionable CSR strategy can build bridges between a business and local communities. Democratising benefits can require a cost effective way of reaching and engaging a wider society.

Responsibility, Reputation and Trust

For good relationships with key stakeholders there needs to be mutual respect and trust. Many organisations are in essence a network of relationships built upon trust which can sometimes be lost more quickly than it can be built. Honesty, transparency and a willingness to assume responsibility can engender trust, as can a reputation for fair dealing, honest disclosures, sustainable activities and evident concern for others.

Having a good reputation is more than a 'nice to have'. As we will see in a moment, it can result in a range of benefits. CSR is thought to enhance a corporate reputation, although inconsistency that is perceived as hypocrisy can have the reverse impact (Galbreath, 2009; Wagner et al, 2009, Walker, 2010). Hence, the importance of consistency and delivery if words are to be matched by appropriate deeds, and it is in the 'front line' that gaps between the two may be apparent to those dealing with an organisation. This is where people may need help (Coulson-Thomas, 2012a).

Reputation has been identified as of value in competitive situations and linked with sustained competitive advantage (Abimbola and Vallaster, 2007, Engelbrecht et al, 2005, Walker, 2010) and corporate performance (Bertels and Peloza, 2008, Fombrun and Shanley, 1990). Identified benefits include greater attractiveness to customers, investors and potential recruits and lower costs, the ability to charge premium prices and increased profitability. An established reputation can consolidate a brand and act as a competitive barrier, making it more difficult for new entrants to gain a foothold.

Implementation and Justification

These benefits can remain as hypothetical possibilities without a means of implementation and, in particular, ensuring that there is compliance with any policies that are promoted and enabling more responsible behaviours to occur. An organisation wishing to be socially responsible may still face the challenge of finding a practical and cost-effective way of demonstrating and delivering its commitment, and in a way that continues to meet rising expectations (Bertels and Peloza, 2008).

Not everyone has an effective means of implementation. Developing and preserving a business reputation has been found to be problematic (Johnson, 2008). In the past some companies have not found it easy to separate the reputation of a particular company from that of its industry and/or competitors (Hoffman, 2007). In areas of the public sector an individual entity – whether school, council or hospital – may also fear its reputation is bound up with that of its peers or a service or system as a whole.

In such a situation there may be a reluctance to spend large sums to 'swim against the tide' or to shoulder the cost of enhancing the reputation of an entire sector. On the other hand, there could be interest in relatively low cost ways of differentiating, or making an impact and standing out from one's peer group as a 'beacon' or exemplar.

Once established a good reputation may also earn 'rent', or yield continuing benefits, that might justify continuing effort to maintain it (Michaelson, 2010).

Compliance, Trust and Engagement

The success of most businesses, and the extent to which they engage customers and other stakeholders, can depend upon trust. A minimum level of trust and reputation may be required for effective operation. A reputation for fairness and ethical and responsible conduct has been likened to a 'license to operate' and as a form of 'insurance' when challenging situations arise (Peloza, 2006). For example it could lead to increased cooperation with the 'authorities' when an incident arises.

Values, ethical conduct and a reputation for competence and fairness can all build trust and the continuing benefits that can flow from this (Fombrun and Shanley, 2009, Walker, 2010). These can provide further justification for investing in ways of ensuring compliance with relevant policies, guidelines, and codes (Michaelson, 2010). Effective compliance can avoid risks, as can responsible approaches to remuneration, rewards and promotion, as people tend to follow behaviours that are recognised.

Reward systems can encourage risky behaviour (Moxey and Berendt, 2008, Michaelson, 2010). Steps to ensure compliance and reduce risk may be particularly important when people are under pressure to achieve demanding targets and they may feel it necessary to 'cut corners'. While middle managers may be concerned with passing on targets and monitoring performance against them, it is the people in the 'front line' who may feel the burden and need support.

Informed and Responsible Choices

Progress in areas from sustainability and healthy living to inclusion, involvement and addressing social problems such as poverty can depend upon engagement and enabling larger numbers of people to understand different alternatives and thus make better informed and more responsible choices. Many boards need cost effective ways of implementing policies for confronting and handling social and environmental challenges if their good intentions are to result in desired outcomes.

So how can business value be generated by CSR? Can responsible citizenship lead to more than just plaudits? Is a positive contribution to the bottom line a myth or reality? What could a board do to increase awareness of the potential consequences of different courses of action and change the behaviour of customers, employees, suppliers and business partners whose collective decisions can have varying degrees of harmful or beneficial impact?

To see what can be achieved by actionable CSR let's look at an example. We will consider what can be done to make customers more aware of the environmental impact of their purchase decisions. There are practical steps that suppliers can take to help people to understand and assess the differing consequences of available options and also help them to make informed choices (Coulson-Thomas, 2010 a and b).

Enabling Responsible Behaviour and Decisions

If customers are to be helped to make responsible purchasing decisions, they and their advisers need to understand the benefits and drawbacks of different offerings and options. Weed control solutions provided by Nomix reduced the need for the onsite mixing of chemicals that could danger the environment. The company wanted to increase awareness of spraying and distribution techniques that reduce collateral damage to plants other than those being targeted. Finally, there was a desire to spread best practice within and across the sales force, and to do this in a cost effective way.

To increase understanding in an area that some found difficult to comprehend, Nomix created a sales toolkit that succinctly explained the control problems the company addressed, and the value its offerings provides to clients. Research evidence presented showed how its approach could lower risks to the environment. These messages were welcomed by local authority customers tasked with behaving in a more sustainable way. Use was made of graphics to ensure that key points were quickly grasped.

At the time Nomix decided to opt for a performance support approach it was a relatively small company, with an annual turnover in the order of £3 million. Because the tool that was provided enabled people to quickly understand what Nomix did, and the ways in which Nomix was different and special, it was used by the owner of the business to differentiate and successfully sell the company. A potential purchaser could quickly appreciate the advantages of what it did over available alternatives.

The Nomix business is now part of Frontier Agriculture. What made a difference in this case was a focus upon understanding, capturing and sharing how talented people articulate messages and go about quickly evidencing value. It was done in such a way as to engage not just sales staff, customers and prospects, but a potential purchaser. The way the performance support tool was developed and used greatly benefited customers, the company and the owner of the business. A responsible approach contributed to business development and transformed the company's prospects.

Communicating and Engaging

Once engaged corporate staff and customers and public sector work groups, such as those found in healthcare, can and do work together to identify ways of reducing quality problems, cutting out waste and improving efficiency (Fillingham, 2007; Kim et al, 2009). Securing engagement is more likely when and where people find that resulting outputs include ways of making it easier for them to do difficult jobs.

To emphasise how performance support tools can be used to communicate, engage and increase market share let us return to the approach developed to support the sale and purchase of the Nomix TDC weed control system. Nomix is used by 85% of the UK's local authorities, a community which because of its own environmental services responsibilities is particularly keen to behave responsibly, and minimise harmful impacts when taking purchase decisions.

The support provided enables prospects to understand the potential environmental implications of different options that are open to them. For example the contamination risk of conventional systems was estimated by the UK Health and Safety Executive (HSE) to be 10, 20, 30 or 40 times greater than that of Nomix TDC. Buyers are

provided with authoritative information that enables them to behave responsibly, and also explain and justify their purchasing decisions.

When the performance support was designed, particular emphasis was placed upon helping people to make informed choices. For example, prospective purchasers were shown how spray drift from an alternative, such as a knapsack, can cause environmental hazards, herbicide damage and health risks. Advantages of better alternatives are also explained, for example that spillage can be avoided as a result of not having to mix different liquids when on location.

CSR and the Public Sector

Given the stress put upon public sector values and the fact that public services involve the expenditure of public monies and are ostensibly for the benefit of the public, one could question the relevance of any debate about CSR to the public sector. Many public bodies have a local monopoly and do not have direct competitors, although the proliferation of league tables means that many of them face comparisons with a peer group. Public bodies also compete in labour markets for staff and a good reputation can help them to attract and retain people.

Shouldn't all public service activities be socially responsible? Maybe they should by design and delivery in relation to groups served, but even if this were the case there are such issues as unintended consequences, collateral damage and sustainability to consider. Support provided in the front line can determine the extent to which benefits are maximised and harmful effects minimised (Coulson-Thomas, 2012b).

Applications of performance support in the public sector in healthcare and social care provide clear evidence of the extent to which services could be improved and better organisational and social outcomes such as increased inclusion obtained (Coulson-Thomas, 2012b). Members of the public can be helped to help themselves and others. Direct and measurable impacts can be simultaneously obtained on multiple objectives. As with business applications, the desire of people to make a positive contribution can be harnessed and they can be enabled to create and deliver social value.

Performance Support and CSR

As well as offering a relatively quick and affordable route to the creation of a high performance organisation, performance support can ensure effective implementation of CSR policies (Coulson-Thomas, 2012a). It can increase understanding, engage and enable more responsible decision making. Building checks and controls into support tools can also ensure compliance and provide the evidence that reasonable steps have been taken to ensure responsible conduct. Delivering support via the internet and/or mobile phones can democratise opportunities, speed the diffusion of innovation and foster inclusion. Wider adoption could boost productivity and economic growth.

Performance support can make actionable CSR a reality. Its ability to engage can help a board to turn a business into a cause. Relevant help that impacts directly on behaviours can be provided 24/7 as and when required, including on location and on the move. Users of the approach report large returns on investment. Responses can be

speeded up and performance increased, while costs and levels of stress are reduced. People, organisations, communities and the environment can all benefit.

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