

What is Corporate Social Responsibility?



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Corporate social responsibility (CSR) is a business model that enables a company to be socially accountable – to the public, stakeholders, and itself.

When a business practices corporate social responsibility, also known as corporate citizenship, the business is aware of the impact they have on various aspects of society, including environmental, social, and economic.

When a business actively engages in CSR, they are operating in ways that enhance the environment and society, rather than contributing to their detriment.

The definition of corporate social responsibility varies from one company to the

next – simply because it takes many forms depending on the industry and company. It often encompasses philanthropy and volunteer efforts but isn't limited to those things.

CSR in Action

Starbucks

Starbucks has reached 99% ethically sourced coffee, uses green building techniques throughout their stores, and created a college program for its employees.

Moving forward, they're aiming to hire 10,000 refugees across 75 countries, 25,000 veterans by 2025, and working to reduce the environmental impact of their cups.

Google

In 2015, the Reputation Institute ranked Google as number one for global CSR because of its numerous initiatives.

Google went carbon neutral in 2007 and has a Google Green program in place, dedicated to developing and sustaining green energy.

Google takes care of its employees with a wide range of perks and benefits. The company also donates to a variety of education and non-profit programs.

Lush Cosmetics

A natural line of cosmetics and other health and beauty products based in the UK, Lush Cosmetics is committed to environmental issues, human, and animal rights.

Many products are made with minimal to no packaging. Ingredients are ethically sourced.

The Charity Pot program is a body lotion that gives a portion of sales to various grassroots organizations around the world.

They have a recycling program where customers can return five pots and get a free face mask.

Benefits of CSR

Improves Company Reputation

Companies that demonstrate their commitment to greater causes are seen as more philanthropic than those who do not engage in CSR efforts.

Consumers feel good about shopping with businesses that are doing their part to make the world better - and their spending shows it as 66% of customers are willing to pay more for products from socially responsible companies.

Boosts Employee Engagement

Employees like working for companies with a good public image. When employees are happy, they are more productive.

Nearly 60% of employees who are proud of their company's CSR are engaged at their job.

When your organization shows they are dedicated to improving their communities through giving programs such as matching gifts and grants, they are more likely to attract and retain employees who are engaged, valuable, and work hard.

Forges Stronger Bonds with Customers

When customers know your company stands for something other than selling your products and services, they are more likely to remain loyal to you.

Customer acquisition is an important endeavor for any business, but customer retention is where the money is.

Repeat shoppers often spend more than new customers, and CSR promotes brand loyalty and repeat business.

For customers to become aware of your CSR efforts, however, you have to promote them.

Creating CSR Initiatives in Your Company

Concentrate Your Efforts

When you're building your CSR strategy, it's important to concentrate your efforts because your resources are limited.

The biggest opportunities will come from areas the business interacts significantly, as they will have the greatest impact on society.

These are the areas where your business can gain a deeper understanding of mutual dependencies and the highest potential mutual benefit.

For instance, Lyft - a rideshare business - knows how bad vehicle emissions can affect the environment. As part of their CSR efforts, they make each and every ride given through the app carbon neutral.

Understand the Benefits

After you choose the areas where there is an opportunity, it's not always easy to find ways to create mutual value.

Take time to find symmetry between the two sides. Be open to understanding issues from the business point of view and the societal perspective.

Find the Right Partners

Your partners will benefit from your core business activity and will be able to benefit you, too.

Partnering with other organizations is difficult, but when both sides are set up to win, there is greater motivation to realize the benefits.

Long-term relationships are built on understanding the strengths of each side. These relationships have a greater chance of being sustainable and successful.

For example, TOMS, known for providing a pair of shoes for a person in need for each pair that's purchased, partners with several non-government organizations (NGOs) to demonstrate their commitment to fighting for human rights.

Beyond their shoes, they work to provide clean drinking water and build businesses in developing countries, fight against bullying, and restore vision to visually impaired people.

Define Objectives and Long-Term Benefits

Once you know the area you're going to work in and the partners you have, it's crucial to define both short-term objectives you're looking to accomplish immediately and the long-term benefits.

When you partner smartly, knowing the time frame is important. Initiatives can be complex and may not reach their full potential for some time.

Some of the benefits will be tangible, like additional revenue from access to a new market. Other benefits will be just as important but intangible, such as boosting employee morale.

Determine the Benefit Split

Clearly outline how the benefits will be shared between society and the business. If it's one-sided, take steps to ensure you're not entering propaganda or philanthropy territory.

If the aim is to create additional value from partnering than you could do on your own, you must share the benefits appropriately.

Engage Your Entire Staff

Your workforce is one of your greatest assets and beneficiaries of your CSR activities.

Nowadays, people are choosing to work for companies whose values align with their own.

Attracting and retaining quality talent continues to be a challenge for many organizations, so creating a CSR business strategy that builds on core values and inspires employees is key.

One of the most beneficial CSR programs you could implement in your business is based on labor policies and embracing fair trade.

Job applicants aren't necessarily going to apply for positions that offer only the bare minimum compensation.

Your employees deserve generous compensation for the work they put into your company, and the time they spend doing it.

Brands that make it a point to improve working conditions and well-being for all their staff members see great returns on investment because they have a happy and productive workforce.

When your team is happy, they are not likely to quit their job. Employee turnover is expensive – so initiatives to improve employee benefits can save the company money in the long run.

Take for instance companies like Netflix and LinkedIn that offer their employees unlimited vacation.

Netflix takes things one step further and offers both parents 52 weeks of paid paternal leave – with the option to return to work and resume their paid leave as they need to.

Regardless of how they take it, they receive their full salary for the duration.

Spotify does something similar, giving both parents 24 weeks of paid leave to be divided up however they choose over three years following the birth or adoption of a child.

Ways You Can Foster a Socially Responsible Company

First, look at your supply chain and speak with vendors about their own CSR programs. Look for ways you can partner with them to make a positive impact and create a win-win situation.

Aim to work with companies that support the local community and consider

changing to vendors that are focused on environmental sustainability so you can take steps to reduce your carbon footprint.

As you work on a larger, long term effort, you can do a series of smaller things on your way to becoming a responsible business, such as:

- Donate to charitable organizations and other philanthropic activities
- Encourage volunteer efforts - such as providing employees with one day off every quarter for them to volunteer with the organization of their choice
- Improve corporate labor policies and opt for fair trade practices
- Change corporate policies to benefit the environment and fight against climate change
- Allow employees to work remotely to boost morale and reduce commuter traffic
- Switch to digital systems to reduce the amount of paper you use.
- Set up recycling bins throughout your office.
- Host an annual tree-planting event
- Make responsible investments

There is a strong business case for corporate responsibility.

Business leaders who focus attention on sustainable development now will be successful for years to come.

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