



## Corporate Social Responsibility (CSR)

### Business Benefits

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#### CSR Business Benefit 1 - Employees

There are many potential benefits for a business from being involved in a CSR programme, in terms of its impact on the organisation's employees. Examples are as follows:

Working in a new environment, employees will possibly be learning new skills. These might be transferrable skills to their own organisation which will prove to be beneficial and they might spark off some innovations which may result in some positive changes. The theory is that this commitment to a higher standard of performance stimulates a search for new and better ways of doing things.

Many employees are pleased to work for an organisation that is keen to be involved in CSR activities; this often helps in the retention of such staff. Similarly, they will tell friends and family about such activities (thereby recommending the organisation they work for to others), and as a result, the recruitment of new employees can be made easier. Indeed, some organisations refer to their CSR activities in their recruitment adverts.

Employees can feel motivated by working with good causes and helping with community activities, with the result that their morale improves and consequently their performance.

Linked with the previous points, the culture of an organisation can change and be improved; as such activities become an acceptable way of behaving in the *responsible* organisation.

In some CSR activities, employees from different departments and levels learn to work together, which improves their workplace collaboration.

Essentially, employees want to be confident that the organisation they work for shares the same values as they do. An important point therefore is that internal communication from the management does reinforce the desire for a specific type of behaviour and the potential results of that behaviour.

### **CSR Business Benefit 2 - Reputation**

The importance to an organisation of its reputation and brand has grown significantly over the last few years and so it has become important to find ways of achieving this. CSR programmes can provide many opportunities to reach an organisation's stakeholders with important messages.

Reputation Management is now recognised as being an important element of business management and the CSR involvement is often an important way of managing reputational risk. In some cases businesses are targeted by activists uncomfortable with aspects of their business operation. It is in their interests to behave responsibly as the costs of reputational damage can also be significant.

CSR is also relevant to companies whose customers may switch to another supplier. In some cases organisations need to introduce CSR activities to retain their customers'/consumers' support.

Organisations often look for a good cause or project to be associated with, so as to enhance the public's awareness of the cause, but also to increase their own reputation for involvement in the community. This increases goodwill towards the organisation and often results in the logos of both organisations being branded together. This enhances public awareness and goodwill for the cause.

Organisations need to be aware of the needs and concerns of all their stakeholders, such as employees, customers, suppliers and partners. It is important that their actions and behaviour do not counter the views of the stakeholders, who themselves can determine what is acceptable behaviour. In practice, customers can choose to buy similar products elsewhere if they are not happy. This reinforces the need for the reputation of the organisation to show it to be responsible.

The perceived reputation of an organisation with its stakeholders needs to be one of a responsible company building a culture for community work and assistance in the community. It needs to be seen to be having a real impact on social change, which may involve corporate philanthropy as well as non-cash/in-kind donations.

### **CSR Business Benefit 3 - Marketing**

It is always important for an organisation to be looking for new customers and for the retention of their current customers. In some cases CSR activities provide ways of promoting the business and its products and services to its customers and other stakeholders.

In Annual Reports, which will go to all an organisation's stakeholders, including its key customers, mention will be made of its behaviour and activities in the community.

Products themselves can be used to showcase an organisation's responsible business practice, which in itself gives customers another reason to buy the product, as well as its price and availability. This would incorporate the logo of the organisation, together with details of the cause, which might be CSR. This, in itself, can help to improve customer and consumer loyalty.

### **CSR Business Benefit 4 - Direct Business Benefits**

There are many things relating to CSR that organisations do which can have direct business and financial benefits.

While minimising the direct costs of doing aspects of business, which make them more socially responsible, the result can be increased efficiency and reduced costs of materials. The organisation becomes greener and is perceived as such, while it reduces its expenditure and potentially increases profitability and growth rate.

Influencing others' behaviour can result from CSR activities, if the others support such CSR activities. This can be relevant for businesses actively building relationships with key stakeholders and can reduce regulatory oversight if the organisation builds the authorities' confidence in the business. It is even possible, if they are perceived to be very responsible, for organisations to anticipate societal issues and can therefore influence the overall direction of legislation and public debate.

Socially responsible behaviour improves the organisation's opportunity to get access to finance from authorities and individuals as investor confidence is increased. Similarly, organisations can increasingly build important partnerships and relationships (with e.g. employees, suppliers, communities and shareholders) if they are perceived to be responsible, which in itself helps its competitiveness.

There are direct business benefits for organisations making environmental improvements in their activities which improve performance and increase profitability. This helps their relationships with environmental authorities and improves their general image. In some cases they can then charge a price premium or increase market share in environmentally conscious markets.