

From charity to business case – Strategic CSR

Corporate social responsibility for competitive advantage and sustainable growth

The rules of doing business are changing. In today's competitive markets companies are facing increasing demands from a growing number of stakeholders. Governments, the EU, the media, NGO's and customers expect companies to take responsibility for the social impacts of their business operations. The fruit juice industry is no exception and has proactively acknowledged this responsibility.

Rather than an inconvenient or costly add-on, corporate social responsibility can be a source of innovation, competitive advantage and growth. However, this requires a thorough understanding of strategic CSR and the integration of a tailored CSR strategy into the core of the business. Furthermore, it demands for a willingness and effort to collaborate with other stakeholders affecting your business.

This brief article outlines what (strategic) CSR is actually about and how your company could benefit from taking a proactive and collaborative approach to CSR.

What is CSR?

In 2001 the European Commission defined Corporate Social Responsibility (CSR) as *“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”*. In line with this 'voluntary basis', CSR was previously often associated with charity. Over many years companies have been donating parts of their profit to a good cause, either in their own community or internationally. While donating to charity can indeed be part of a company's CSR strategy, the current understanding of CSR goes much further. One could say that there are two 'levels' of understanding on CSR: The first one is about compliance. Businesses can put in place processes that ensure all company operations -including suppliers and producers further down the supply chain- are in compliance with national law, social and environmental standards (e.g. workers' health and safety, no child labour, no pollution etc). In other words: doing no harm. The second understanding goes one step further and is about *contributing* to social and economic development and making a positive impact on communities and the environment – doing good by doing right. This is what has been called *'shared value creation'*. The idea behind this is that such efforts create long-term sustainability and involve a win-win for all stakeholders and/or supply chain actors involved.

Based on these new insights, the European Commission redefined its communication on CSR in 2011 (see box below).

The Commission's new definition of CSR -“the responsibility of enterprises for their impacts on society”

To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.

Strategic CSR

CSR is strategic when incorporated into the core business strategy of the company and hence contributing to the development of the business as well as the society.

Strategic CSR is not just about compliance and minimizing risks. Well-thought-out strategies that focus on creating value for both the company and its stakeholders can bring major benefits, both in the long term but also by immediate gains due to for instance improved production efficiency or more stable supplies as a result of developed supplier relations. Other areas of improvement resulting from strategic CSR include risk management, client loyalty and better market access -even access to new markets, cost savings, access to capital and innovation capacity. The exact benefits and potential (and thereby strategic opportunities) differ for each company.

In the end corporate success depends on resilience – the ability to anticipate and adapt to changing circumstances and to change continuously, *before* strategies and business models become outdated. Corporate social responsibility helps building this resilience. Thus, understanding and integrating CSR is fast becoming a requisite for any business that wishes to stay relevant now and in the future.

The UN Global Compact, UN Guiding Principles and ISO 26000

One of the first ‘tangible’ guidelines developed on CSR is the UN Global Compact, established by the UN in 2000. This initiative encourages businesses worldwide to adopt sustainable and socially responsible policies and practices, and to report on their implementation. It is a framework for businesses, stating ten principles in the CSR areas of *human rights, labour, the environment* and *anti-corruption* (see box opposite). More recently, another UN initiative has developed the *Guiding Principles for Human Rights and Business (UNGPs)*. These are more concrete guidelines focusing on human rights, outlining the responsibilities that states and companies should take and the processes they should have in place to avoid human rights abuses in their company operations. A third initiative worth mentioning is ISO 26000: a standard, launched in 2010, which provides guidance on how businesses and organizations can operate in a socially responsible way.

UN Global Compact 10 principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour;
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

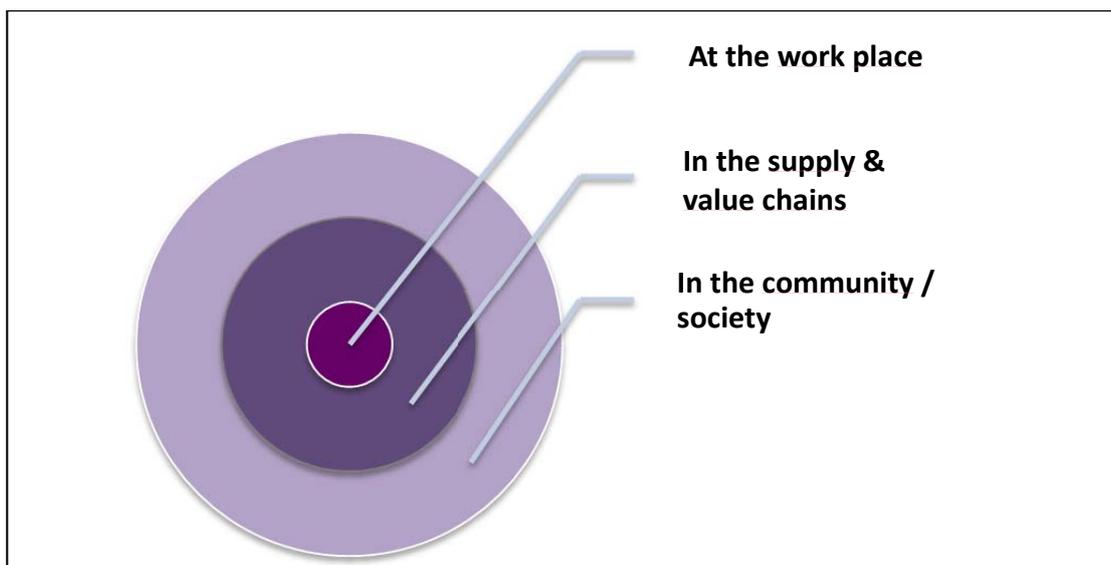
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

How can the Global Compact, the UNGPs and ISO 26000 be used? Any company can use them as a starting point and discussion guideline clarifying:

1. Which areas should be given first priority according to company values, visions and strategies (discussing these areas of concern can shed new light and bring further clarification on limits, values and defining own integrity)
2. Which areas hold the most extensive development potential and most lucrative business cases
3. Which areas are key to address for future sustainability of the business
4. Which areas can you best and most easily mobilize your people to engage in and get passionate about (it is not necessarily the area with the most lucrative business case).

The importance of sector collaboration

In addition to the above-mentioned principles, there are many other norms, guidelines and standards for CSR and it is not the purpose of this article to cover all of them. A topic worth mentioning however is the *scope* of company's responsibility. In the current understanding of CSR, companies are expected to promote CSR principles and rights in their *sphere of influence*: thus both at the work place, throughout the supply chains and in the communities or society surrounding the company operations (see figure below).



Promoting rights in the sphere of influence

Promoting CSR principles and rights in the company's sphere of influence is not an easy task. Many companies are able to ensure CSR is implemented at the workplace or main office, by adhering to local laws, implementing workers health' and safety, following environmental norms etcetera. They often find that they have a relatively high influence on making changes and creating impact in this sphere. However when we look further down the supply chain it becomes more challenging to promote CSR and create a social impact – while this is often where most risks are presented when it comes to working conditions and the environment.

Similarly, creating a positive social impact in the community or society that is affected by a company's operations poses a challenge since a company is obviously not operating alone. Therefore, to efficiently and successfully promote CSR in your sphere of influence, *collaboration* is a key requisite.

If you want to go fast, go alone. If you want to go far, go together... (UN Secretary General Ban Ki Moon, 2012)

Sector partnership initiatives such as the Fruit Juice CSR Platform are seen as recognised instruments to create shared value throughout the sector. It is about securing the future for a competitive, sustainable industry that creates economic and social value. For a platform collaboration to create such shared value it is necessary that a wide range of stakeholders is involved, who can all express their opinions, concerns and possible solutions. Partnerships and sector collaborations are not established overnight. It requires time to build trust, to come to a common understanding of the challenges faced in the sector and to establish a common roadmap for a sustainable future.

The key to success is all partners investing the required time, resources and –very importantly- the *change in mindset* to create responsible business and sustainable growth. The positive change should be reflected in social and in economic gains – because CSR is all about creating a strong, competitive and future-proof business.

About Sociability

Sociability is an international consultancy with offices in Copenhagen and Nairobi, specializing in Corporate Social Responsibility and Public Private Collaboration for inclusive and sustainable development. Sociability is known for being a dedicated and high quality training and advisory. To date, Sociability has trained more than 250 managers from private companies, public bodies and business associations. Clients include Fan Milk (Nigeria), Kibotrade Textiles (Tanzania), Grundfos (Denmark/Kenya), Maersk (Egypt), Serengeti Breweries (Tanzania), Novo Nordisk (Egypt), Uganda Batteries, CRDS Bank Tanzania, Greenfields Ltd (Uganda), Superclean Ltd (Uganda), Confederation of Tanzania Industries, Ghana Employers' Association, DANIDA (Denmark), the National Economic and Social Council of Kenya and the Asian Development Bank.

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Over the past 20 years, Ms. Boye has worked as a development consultant in the private and public sector, specializing in CSR and PPC. Her extensive experience comes from an impressive array of projects all over the world. She has worked as Marketing and Management Advisor for a Danish NGO in Zimbabwe; as Assistant Managing Director for Nordic Consulting Group specializing in development cooperation and also co-founded her own consulting group, Katalyst. Furthermore, Ms. Boye is a certified advanced SA8000 auditor. In 2006 she established Sociability that assists companies, governments and NGOs in creating sustainable growth and shared social and economic value. In addition to being a deeply dedicated, creative and result-oriented consultant, Ms. Boye is a highly skilled teacher with a lengthy background in planning and managing courses in Asia, Africa and Denmark.