

Making Corporate Responsibility Work: Lessons from Real Business

Executive Summary

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EXECUTIVE SUMMARY

Corporate Responsibility (CR) is increasingly becoming a boardroom issue – as evidenced by the practical examples and case studies from ten different companies included in this report. The report is grounded on the ‘what and how’ regarding CR in practice – offering valuable lessons from real business to UK business managers on how to make it work in practice.

Key Lessons

CR is a journey. CR changes over time and companies learn more about their responsibilities and how to address them as they go along. This realisation is a key lesson when working with CR in practice. The study shows that the effective CR traveller understands that to make CR work the following is required:

- **Ensure relevance.** Only relevant CR activities should be implemented.
- **Focus on integration.** To be valuable CR must be integrated into the way the company is being led and managed.
- **A different mindset?** CR requires a change from traditional ways of thinking within management.

Ensuring Relevance

To make it valuable, companies should focus first on making CR efforts relevant. Only relevant efforts should be integrated into the business. In terms of ensuring relevance a few key lessons emerged from the study:

- **CR is company specific** and no authoritative guidance exists, although inspiration can be found in different guidelines. The implication is that CR should be tailored to the needs of the business and its stakeholders.
- **CR is an umbrella concept** that describes corporate wide systems and is used to define the overall role of the company and its responsibilities. It therefore relates mostly to corporate governance and corporate strategy and is less valuable as an operational concept.

This obviously creates some confusion about what CR means in practice. The key lesson is to appreciate this confusion, focus on what is relevant to the company and start the journey towards more responsible business practice.

Why CR?

Because it is valuable. Companies within the study all believed that relevant CR activities added value to their business. They stressed the need for CR to be relevant to the core of the business – it cannot be an add-on but must be integrated into what the company stands for. By doing so a solid **business case** exists with CR having a positive impact on business performance. The following were the most frequently cited reasons for adopting CR strategies and practices to enhance the business case:

- **People.** The number one reason mentioned for working with CR was to attract and retain competent and motivated people.
- **Licence to operate.** Companies operating in regulated environments see CR as important to ensure a long-term licence to operate.
- **Public expectations, especially for Plcs.** Companies in the public domain are increasingly expected to be responsible.
- **Aspirations – Feel good factor.** Doing the right thing is simply important for leaders, managers and people.

Integrating CR

Regarding practical integration, companies in the study emphasised the following issues:

- **Integration into governance and management systems.** CR should be integrated into the corporate-wide systems used to lead and manage the company. If possible this should be done via existing systems.
- **Stakeholder engagement.** Companies are looking to different forms of engagement such as adding CR issues into surveys of customers and employees. Engagement through networks and with experts is also used to understand and explore the wider issues.
- **Securing buy-in.** To make CR work it is important to secure buy-in throughout the organisation. Middle management is a key challenge.

Key Challenge: Middle Management

Middle managers are responsible for the day-to-day operations of the business and have clear performance objectives. For them CR may only be an unwelcome diversion away from operational effectiveness and therefore they may resist it. Ensuring relevance and integrating CR into governance and management will enable middle managers and others in the organisation to support the approach. However, it may not be enough and companies may also **look to values based leadership, training and communication.**

CR: A Different Mindset?

The wider implication of the study is that CR seems to require a change away from traditional management paradigms and concepts. The potentially different mindset has a significant impact on the following assumptions about companies:

- **The company is part of a larger complex and changing system,** instead of being a contained entity within a stable and orderly system.
- **The company is in a web of relations,** instead of aiming towards a singular goal of profit maximisation to shareholders.
- **The company is in an unfolding learning journey,** instead of operating through top-down command and control via experts and leaders.

The suggestion is that companies should evolve and develop the CR mindset as they go along. Trying to enforce the new mindset would violate the principle of an unfolding learning journey.

Limits to CR?

Often CR is being promoted to solve serious social and environmental challenges. However, if CR is changing and unfolding in a journey the obvious question is where it is leading companies? **What is the destination?** Is CR the catalyst for positive change often being promoted? It is too early to conclude how big a catalyst for positive change it is, as most companies yet have to travel further down the CR path.

However, it is fair to say that there may be real limits to how far CR in itself can address serious systemic challenges facing societies. The challenges may require collaboration across different sectors, in which government, industry, individual companies, communities and others have to work together to solve issues.