CORPORATE SOCIAL OPPORTUNITY

Some Australian television current affairs programmes (such as Channel 7’s “Sunrise”) have a news ticker running along the bottom of the screen giving a summary of the news. A British pioneer of this technology is Rupert Murdoch’s BSkyB. The TV station’s Disability Manager Kay Allen persuaded senior management to invest in the station to become disability-friendly. The total investment came to about 12 million pounds. Her successful argument was based on a variety of reasons, including the “licence to operate” (in other words a business putting something back into the community) and the potential revenue to be gained by attracting customers who had a disability.

This is an example from a British book that will be of great interest to Australian readers: David Grayson and Adrian Hodges Corporate Social Opportunity! 7 Steps to make Corporate Social Responsibility Work for Your Business (Sheffield, England: Greenleaf, 2004).

The authors set out seven steps. First, identify the triggers. These are a combination of events and incidents that impact business as a result of global forces for change and changing stakeholder expectations.

A trigger can take a variety of forms. In Nike’s case, it was the threat of a consumer boycott because of concerns over low rates of pay for its workers in the Third World. Shell was forced to take up this issue partly because of the Greenpeace-led campaign against the company’s plan to dispose of the Brent Spar platform in the North Sea. A trigger for tighter corporate governance regulations have been the collapses of the US’s Enron and WorldCom and Australia’s Ansett and HIH.

Second, scope what matters. It is necessary to assess the potential impact of key triggers on business strategies. For example, on health and wellbeing there are the “risks” of the cost (financial and to reputation) to product recalls, and the cost of staff being injured at work. There are also “opportunities”, such as new markets for products and services oriented towards to health and well-being, and the provision of training to enable employees avoid being injured at work.

At Unilever it was recognized that women make 80 per cent of the decisions about buying Unilever products. To reflect this reality in the workforce it was felt that more women should be recruited to senior positions in the company.
Third, make the business case. For example, any proposed strategy needs to be considered in the light of its impact on and the opportunities provided by market segments and on the classic elements of the marketing mix – product, price, promotion, process and place.

For example, the fastest growing “minority” in the United States are the Spanish-speaking population (the US is now the world’s second-largest Spanish-speaking country). About 60 per cent of these people are Mexicans and about half do not have a bank account. These people also send back home each year almost US$10 billion. A number of US banks are now offering cheap remittance services as a way to build relationships with potential customers. Bank of America reports that 33 per cent of its remittance customers have now opened an account.

Fourth, commit to action – deal with the implications of and for proposed strategies in the light of organizational values, leadership style and governance arrangements. A basic test is to ask the question: “should we be doing this? Does it meet the values test?”

The Institute for Global Ethics has found that there are five basic values in most cultures around the world: honesty (operating with transparency and integrity in all business dealings); fairness (particularly in the treatment of staff); respect (encouraging diversity and recognizing human rights); responsibility (recognizing the need for sustainable development) and compassion (sharing success with those less fortunate in society through encouraging employees to volunteer in community projects).

Fifth, integrate and gather resources. This could require formal training of staff, mentoring, secondments, partnering and networking with other organizations and companies.

76 per cent of Brazil’s population are in low-income households. About half of their income is spent on consumer goods. In order to understand the concerns of low-income families, Proctor & Gamble partnered with a food company in a programme where P&G staff lived for two weeks in low-income homes to see what new products, distribution systems and communications systems could be developed to meet those customers’ needs.

Sixth, engage the stakeholders. For example, on staff, Sir Mark Moody-Stuart, Chairman of Anglo-American, has said: “The trick is put something into the corporate processes which forces employees to think about corporate social responsibility in the normal course of their work – once it is in the back of people’s minds, you get people thinking”.

On investors, ideally companies should be taking the initiative and not waiting until investors start raising the issue. The finance director should take the opportunity to talk about responsible business practice at his or her regular presentations of results.

Finally, measure and report. There are three main types of reporting: compulsory (“have to do”), such as company legislation requirements; increasingly expected (“need to do”), such as data on corporate social responsibility requested by fund managers and analysts; and self-
interest ("want to do"), such as measuring the state of stakeholder relationships. The Global reporting Initiative (www.globalreporting.org) has many ideas on triple bottom line reporting.

Corporate social responsibility is not just another management fad. This is now a fixed part of the business agenda. It is now necessary to see how business opportunities can be created from it.

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