



Corporate citizenship around the world: what happens in South Africa?

Derick De Jongh

In the United Kingdom, the need for companies to manage in a responsible manner across the various sectors of their activity is generally, if not universally, understood. Generally business' role in society is understood by the most common term, corporate social responsibility or CSR. Many of the larger companies in the UK have well articulated CSR strategies and codes of practice. Most, although not all, large companies have moved on from philanthropy to a more comprehensive approach to how they manage in a responsible manner. However, smaller companies continue to limit their approach to CSR to philanthropy.

Business-NGO partnerships have become common and increasingly beneficial for both sectors. The industries that can be said to lead in the field of CSR include technology, financial and legal services and retail.

Business in the community

Business in the community mobilises business for good. It is one of the Prince's charities and inspires, engages, supports and challenges companies on responsible business, working through four areas:

- ? the community,
- ? the environment,
- ? the market place and
- ? the work place.

With more than 850 companies in membership, Business in the Community represents one in five of the UK private sector work force and convenes a network of global partners. Business in the Community inspires, engages, supports

and challenges companies to continually improve the impact they have on society and the environment through their responsible business programme, sometimes referred to as corporate social responsibility.

The concept of corporate citizenship in the UK has its origins in the ethical approach to business of a number of prominent, originally family owned firms such as Cadbury, Lever Brothers (later Unilever) and Marks and Spencer which ran their business in an ethical manner, in particular looking to the welfare of their employees – ensuring primary education for children and decent housing as at Bournville (Cadbury) and Port Sunlight (Lever Bros.).

This philanthropic approach to commerce laid the foundations for the situation companies to manage in a responsible manner across the various sectors of their activity is generally, if not universally, understood.

The term which is in most common usage

in the UK is corporate social responsibility or CSR. At Business in the Community we see this label as over-restrictive and open to misinterpretation and, where possible, prefer to use the term 'responsible business practice.'

However, the CSR label is very widely accepted and is the one used generally in the UK. It is interesting to note that in countries speaking Romance languages, CSR has been translated directly – as in Responsabilite Social de l'Entreprise or Responsabilidad Social de la Empresa – and a new acronym, RSE, has become the standard.

Many of the larger companies in the UK will by now have generally well articulated CSR strategies and codes of moved on from philanthropy to a more comprehensive approach to how they manage in a responsible manner.

However, this is not universal and particularly at the mid-sized level, there is still a perception that this is about philanthropy.

It is part of the mission of organisations like Business in the Community to change this behaviour over time.

A multisector approach

Since the deregulation of the finance industry and the privatisation of public utilities in the early 1980s, business has not tended to look to government to set the framework for responsible business practice, beyond existing legal requirements.

However, government has appointed a minister for CSR and his role is to provide guidance and to support best practice in the market place. The expectations are therefore on business to lead and to engage in best practice and are the same for locally owned companies as well as for foreign owned businesses.

Indeed, many overseas companies have demonstrated excellent practice across the key areas of CSR, receiving significant UK awards including Toyota, BHP Billiton and Deutsche Bank.

The position of the NGO or registered charity sector vis-à-vis business is interesting. While the larger NGOs have traditionally held the corporate sector up to scrutiny and often with effective results (e.g. Shell and Greenpeace, or Nike and Save the Children), we have also seen a strengthening of the links between business and charities over recent years.

As the management of charities has become necessarily more professional, business has been encouraged to play a positive and supportive role – as volunteers, mentors and donors of products and services, providing NGOs with access to technology, premises, publicity and training. For the business, benefits of these relationships include better employee recruitment and retention, enhanced reputation, improved insights into the marketplace and better relations with government.

NGOs most active in the UK will include Friends of the Earth, Oxfam, Age Concern, Save the Children, Greenpeace, Scope and Liberty. NGOs active abroad, but based in the UK, include CARE, Action

Aid and World Vision.

One of the key activities for Business in the Community through its regional offices is to deliver workshops for NGOs and charities on how better to work with business. These events proved popular in the UK. Business in the Community has also successfully exported them to countries as diverse as the Czech Republic, Poland, Hong Kong, Chile and New Zealand.

The academic community has seized the opportunities offered by the emergence of CSR as well. An excellent example is the CSR Department at the Nottingham University Business School, under the leaderships of Director, Prof Jeremy Moon. The department undertakes a wide range of research and offers CSR related courses up to and including at the MBA level.

Another development which may be unique in Europe is Business in the Community. Founded in 1982 as a response by business to serious inner-city riots, the organisation aims to inspire, challenge, engage and support business in continually improving its positive impact on society.

It does this by focusing its activity on specific issue based campaigns across the four impact areas of work place, environment, market place and community, and in building local delivery partnerships that extend its reach and impact. Its members commit to action and to the continual improvement of their company's impact on society.

A community impact team has as its mission to develop innovative solutions and to evaluate the real impact achieved through engaging business in the community.

The community impact team has a clear focus to engage companies in tackling priority community issues through partnerships with the government and a wide range of community orientated organisations.

Business in the Community has over many years developed and implemented many successful, innovative programmes involving thousands of employee volunteers and business leadership collaboration. The following lessons from this period provide a useful intelligence in moving community impact forward:

- The need to focus on less priority community issues and make a significant impact on each.
- The need to be leading edge and innovative.
- The importance of delivery partners in order to extend our capacity as an alternative to doing everything ourselves.
- The importance of evidence based evaluation to measure real impact both in the community and in companies.
- The need for greater engagement of small and medium enterprises (SMEs) at the local level.
- How local flavor seasons the global practice.
- The importance of providing expertise on community impact on a European platform to meet the needs of those companies which operate across Europe

A new initiative which Business in the Community has been engaged in is the Business Action on Health Campaign which draws together employers' perspectives on promoting health at work. It is working to improve the impact companies have on employees' health and wellbeing.

Through research, events and awards the campaign aims to support, challenge and engage companies. It looks at both physical and mental health and refers to all the measures that a company can influence in and through the work environment, accepting the basic premise that improving and maximising good health promotes productivity and employee retention.

In order to support member companies in the management and sustainable improvement of their responsible business practice, we have developed, very much with our members' assistance, a Corporate Responsibility Index which companies complete annually. The Index provides companies with a set of process indicators and a set of impact indicators across the four key areas.

Both sets of indicators are set across three levels of increasing sophistication, to reflect the journey from beginner to developed practitioner which the company will be on.

Among the major players in the field in the UK, in addition to Business in the Community, must be cited Corporate Citizenship Company, AccountAbility, the Ethical Corporation, Transparency International, the World Business Council for Sustainable Development (WBCSD), and Smart Company.

Business moving the needle of innovation

There are many examples of innovative company programmes and processes aimed at improving impact in the work place, the market place, the environment or the community.

The industries which can be said to lead in the field of CSR include technology, financial and legal services and retail. Sectors catching up include manufacturing and the extractive industries.

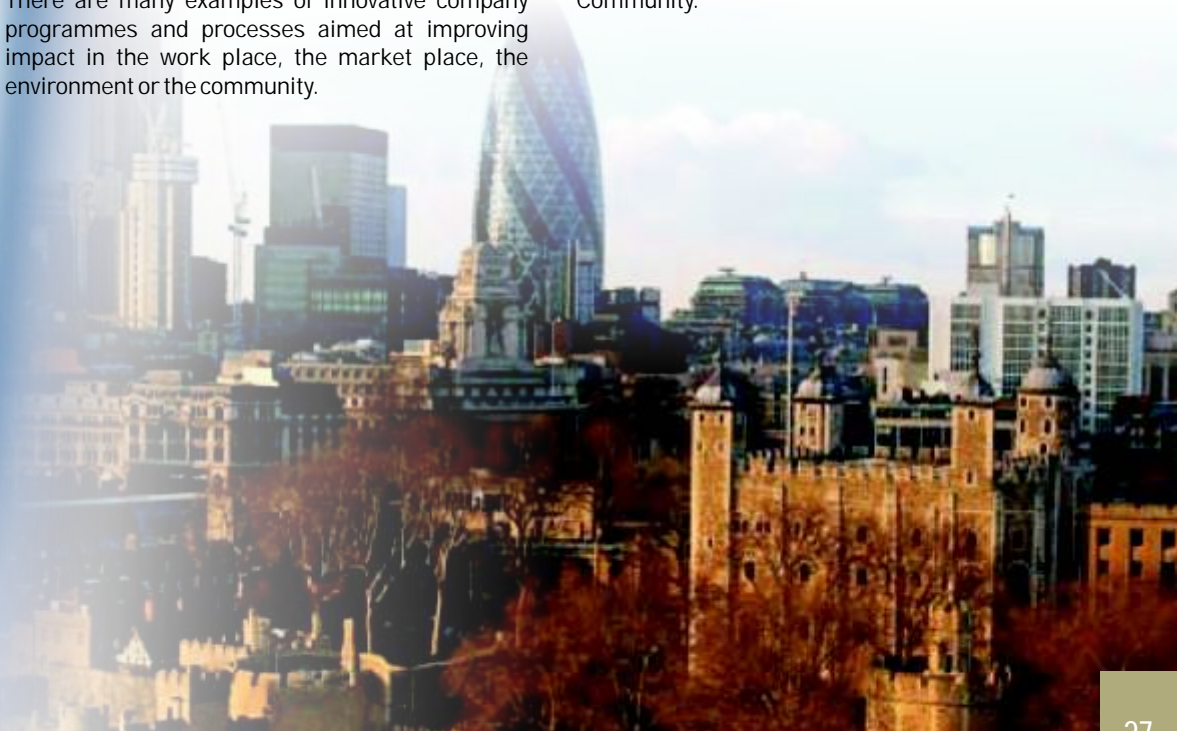
An excellent example is Marks and Spencer (M&S), a major retail chain and a founding company of Business in the Community. As mentioned above, they have traditionally been concerned for their employees and for the communities where they do business.

Over the last five years they have developed a programme of support to homeless young people called Marks and Start. The programme makes six week work experience placements available to the young homeless through the chain of 400 stores across the UK. In this way, the participants get experience of the work environment, learn appropriate social and work skills and complete the six weeks with a recommendation from M&S to potential future employers.

An example of how companies are increasingly working collaboratively to address social or environmental problems is the ENGAGE programme which brings together Citibank, IBM, Allen and Overy, Freshfields, Linklaters, KPMG, Nokia, DLA Piiper and others.

The objective of ENGAGE is to expand employee community engagement through collaborative action between companies and their work with local community partners. ENGAGE works in building capacity within and between companies, building capacity of community partners and through EU awareness and policy work. This network has successfully implemented collaborative initiatives in key European cities, including Bratislava, Frankfurt, Madrid, Paris, Prague and Milan.

The launch of ENGAGE in Istanbul in November at the Koc Museum counted with the presence of HRH the Prince of Wales, President of Business in the Community.



The ENGAGE leadership team has established a fruitful dialogue with the European Commission and Parliament. The European Commission passed the CSR Alliance Communication in March 2006. ENGAGE reacted passionately to the omission of employee community engagement in this communication.

As a result of ENGAGE's letters and meetings and work with the European Parliament's rapporteur, Richard Howitt, the February 2007 Parliament response underlines the importance of the EU budget line for pilot projects such as those involving employee community engagement and points out that social and environmental responsibility applies to governmental and non-governmental organisations as much as it does to business.

The Parliament also called on the Commission to fulfill its commitment to publish an annual report on the social and environmental impact of its own direct activities as well as developing policies to encourage the staff of EU institutions to undertake voluntary community engagement.

At the moment the ENGAGE network is actively working on demonstrating how employee community engagement can help Europe meet the 2010 Lisbon Goals. ENGAGE is facilitating a research project to highlight that Employee Community Engagement is an effective tool to develop employability skills not just in the employees involved' but in many different groups in the communities, e.g. homelessness or school students in deprived areas of Frankfurt.

Moving forward in partnership

Today, the UK faces many challenges for business, government and NGOs to address together. The key issues in the UK at this time include climate change, employability, poverty reduction and education.

Together with business and with government Business In the Community has identified the following key priorities for action:

- Raising the achievement of young people demonstrating how business can improve the opportunities for young people in the area of basic skills and employability.
- Employability – removing barriers to work; to help disadvantaged individuals and groups to find employment by providing training, work placement and employment opportunities.
- Deprived areas – engaging business to work with key partners to tackle serious issues in areas of poverty and disadvantage.

Our advice to an international business leader looking to invest in the country would of course be to become a member of Business in the Community. In addition, we would advise them to seek appropriate partnerships, whether with NGOs, educational establishments or local authorities and to ensure the appropriate resource is put in place to develop the strategy and practice.

The business leader would need to be familiar with the key NGOs, as above, with the Department for Trade and Industry and the Home Office, and to form links with the Confederation for British Industry.

Prof Derick de Jongh is the Director of Responsible Leadership and Associate Professor in Business Management at the University of Pretoria.

