

CORPORATE SOCIAL RESPONSIBILITY

MONITORING AND REPORTING

Measuring the good global citizen

To build CSR credibility, firms must engage a host of players, from suppliers and shareholders to consumers and environmentalists

BY DIANA McLAREN

The old concept of being a good corporate citizen has grown into the all-encompassing notion of corporate social responsibility, with businesses aiming to be socially aware, eco-friendly global citizens.

But companies also need to be seen as credible, not simply spouting rhetoric or trying to "greenwash" their public image - and that can be an uphill battle.

"There are interesting dynamics in the latest research - a growing set of expectations for companies to achieve CSR but, at the same time, a decrease in perception of these companies' performance," says Chris Coulter, vice-president of GlobeScan, a Toronto-based research company that studies corporate social responsibility and publishes an annual CSR Monitor report.

"There is now a lot of scrutiny on how companies operate, more media reporting and increased Internet information," Mr. Coulter says. "Civil society has become increasingly more sophisticated in leveraging information. Today companies need legitimacy, a social license to operate."

The route to such legitimacy lies in measurable activities and transparent reporting, concepts that companies accustomed to only bottom-line financial accountability are struggling with in the face of rising public and governmental expectations.

That's where development of the Global Reporting Initiative (GRI) has come into the picture, offering what this international network calls "the world's most widely used sustainability reporting framework."

The GRI, launched in 1997, is made up of thousands of experts, in dozens of countries worldwide, who take part in working groups and governance bodies to develop a detailed set of guidelines to measure and disclose corporate behaviour.

The guidelines cover economic, environmental, social, human rights, labour practices, product responsibility (with increasing focus on supply chains) and governance. The GRI offers specific areas to examine, and is exhaustive in categories on which to report - everything from transport of hazardous materials to dona-



Andrea Baldwin, centre, director of advisory services for Canadian Business for Social Responsibility, meets with staff members Mirela Pasic, left, Wesley Gee and Meirav Even-Har. 'CSR is all about managing stakeholders' interests,' Ms. Baldwin says. DEBORAH BAIC/THE GLOBE AND MAIL

Tips for CSR reporting

Canadian Business for Social Responsibility, together with Craib Design and Communications, analyzed 75 corporate social responsibility reports and websites from Canada and elsewhere. Here are some of their tips for improving the quality and impact of CSR reports:

KNOW YOUR AUDIENCE: Target your report to it.

DON'T DO A 'DATA DUMP': Make your information visual and, on the Web, interactive.

ADD CREDIBILITY: Include third-party verifications and stakeholder reviews.

INCLUDE COMPANY BASICS: Do not assume the reader is knowledgeable about your company or

organization. Make sure the report puts your organization, its products and its actions into context with your sector and the wider world.

FOLLOW GUIDELINES: Use "key performance indicators" and guidelines established by the international Global Reporting Initiative (GRI).

AVOID 'GRI CARPET-BOMBING': Clearly establish the issues most relevant to your company, and stakeholders, on the most important issues.

DON'T PLAY DOWN ORGANIZATIONAL WEAKNESSES: Outline goals to address challenges or areas of weakness, and then update in your next report.

» Diana McLaren

tions to political parties.

A recently released KPMG survey found that 70 per cent of reporting companies worldwide use the GRI guidelines, and that CSR reporting in general is growing. The largest 100 companies, by revenue, in 22 countries found "overall uptake of sustainability reporting

was 45 per cent," the survey says. Canada stood at 80 per cent.

Andrea Baldwin, director of advisory services for Toronto-based Canadian Business for Social Responsibility, says "key performance indicators" are important in establishing public trust in any CSR reporting.

"Measurement is one of the things we urge people to do, along with some reporting even if it's a first report and not all the elements of GRI are there. It's important to get started," says Ms. Baldwin, whose member group is a business-led, not-for-profit organization.

She says that for a company to build CSR legitimacy, it needs to engage a wide range of stakeholders - getting feedback through such strategies as panels made up of local communities, non-governmental organizations, environmentalists, suppliers, shareholders and consumers.

"CSR is all about managing stakeholders' interests. We say, 'Engage your skeptics, someone who has been a critic.' You need a 360-degree view of all stakeholders," she says.

Companies also need to build on their strengths and assets to enhance their reputation, she says, rather than simply making random charitable donations, for example.

Ms. Baldwin cites a corporate computer giant that has switched from financial donations to donating what it actually produces: computers and technical know-how.

"That's the company's sweet spot: Their impact for invest-

ment is in things like bridging the digital divide [in developing countries] or Internet safety issues," she explains.

"Find the sweet spot between what you are bringing to the table and the benefit it can give, its return on impact."

One of the easiest ways for a company to gain CSR credibility with the public is to partner with a non-governmental organization, GlobeScan's Mr. Coulter says. "But the corollary is that the public loses respect for the NGO that does this."

His company's 2008 CSR Monitor found that a large majority (75 per cent) of consumers in the 32 countries surveyed would have more respect for a company that partnered with a charity or NGO on social issues. However, those same charities would suffer "reputational harm" for teaming with the corporate sector.

"We've seen NGOs ask why they are working with these companies, saying 'It's not our mandate.' The solution may lie in working with networks instead of one-on-one partnerships," Mr. Coulter says.

Reputation also comes from old-fashioned word of mouth. "In our survey, we ask people 'who is a good company' and 'how did you learn about it.'"

Increasingly people point to media, but personal experience is still No. 1 - someone they know who works for the company, or a positive experience they've had as a customer," Mr. Coulter says.

It's not yet clear what the current financial and economic crisis might do to both corporate involvement in CSR and the public's interest in it. Some worry that doing good will take a back seat to traditional bottom-line financial concerns.

Mr. Coulter says that GlobeScan will be surveying on this very issue next month. Where consumers are concerned, he believes that what he calls the "core segment" will remain committed to sustainability issues. "This group exhibits integration between actions and beliefs. They tend to be opinion-leader types, more women than men, and in the boomer age group," he adds.

To sustain public and investor interest in the range of issues that fall under the sustainability umbrella, firms and organizations will need to do a lot better job at telling the CSR story, Mr. Coulter says.

"They have done a poor job generally in communicating effectively what CSR is and why it matters," he says. "If a company has a negative reputation it's hard to change views in the short term. You need a strong performance, consistently over time. You can't greenwash your way out."

Businesses will also need to avoid pitfalls, Ms. Baldwin says, such as "promising too much, ignoring stakeholders you want to avoid, viewing CSR as a discretionary expense or an appendage to the business strategy instead of embedded in the organization itself."

And, judging by GlobeScan's 2008 report, some ambivalence exists as to just how far businesses should go beyond their "traditional economic role." While CSR expectations remain high, the report notes, "more than one-third of consumers across 32 countries surveyed remain opposed to corporate involvement in addressing social problems."

That's why CSR needs to be promoted as a priority for governments, Ms. Baldwin says. "It is a global issue. Big problems need big shifts in thinking and behaviour."

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