



CSR in the Economic Downturn: GlobeScan/CBSR Salon Event Conversation Highlights

On February 5, 2009, GlobeScan and CBSR held a "Salon" to discuss the timely topic of CSR in the economic downturn. The first in a series of similar events, the inaugural gathering allowed over 80 CBSR members and invited guests to discuss the current CSR climate in an informed yet informal atmosphere.

Gap between consumer expectation and perceived performance is still growing

According to GlobeScan's international 2009 CSR Monitor findings, the gap between consumer expectations of company CSR performance and perceived performance is widening globally. In Canada the gap is not as wide, possibly indicating that Canadian consumers are expecting less of companies than in the past.

Here are examples of questions that were posed to the panel of experts and to the broader audience:

- Is focusing on quick wins or 'low-hanging fruit' really addressing consumer expectations and making fundamental change?
- CSR practitioners face great pressure to show the concrete value of their initiatives, but does applying the lens of ROI to CSR allow companies to avoid taking broader-based stakeholder responsibilities and developing sustainably-minded corporate cultures?
- The gap between company performance and consumer perception is an extremely important indicator showing a lowering trust in companies: what will it take to close the gap, and should it be a goal for companies and supporting sustainability practitioners?

Capital markets and investment industry in Canada lagging

Canadian institutional investors (i.e., pension funds) are reluctant to consider ESG factors in their investment decisions, including climate change risk. However there is clear evidence indicating a significant risk-avoidance opportunity for large investors.

Will the economic downturn lead to massive change in the way companies do business, as in the "Creative Destruction" concept developed by the economist Joseph Schumpeter?

For companies it depends on whether their internal culture is more entrepreneurial or risk-averse. Right now, most companies appear to be in a defensive mode. Despite the opportunities that may exist, it is uncertain whether entrepreneurial companies will adapt and capitalize on a changing business paradigm. As a CSR practitioner, are you ready for the call from the CEO, asking for the one big idea that can help transform your business?

The tide is turning in favor of regulation

There is a new trend among consumers to want greater government regulation due to the economic downturn. It is still unclear, though, whether there is enough public pressure for government to proceed. Although it may support greater corporate accountability and responsible business practices, it was believed that regulation may not necessarily meet the public's expectations, and will not fully replace voluntary action.

At the same time, in an absence of accountability to international pacts such as The Kyoto Protocol, some notable NGOs are moving to the court system to pressure for climate change action that is both measurable and actionable.

Generation gap and CSR

The younger generations are demanding greater corporate responsibility and have high expectations of their employers. The next decade will bring a significant shift of Generation Y employees into management positions, which increases the potential of CSR as a strategic business priority. Their energy will need to be harnessed as they take on greater responsibility.