

# A quick mirror check is the first step on the road to an effective CSR

Every company has within itself the elements that make for an effective strategy for corporate social responsibility, writes **Leeora Black**.

**W**HY do so few chief executives "do" corporate social responsibility (CSR)? Quite simply, it's hard and it takes a long time to show results. For CEOs to do something about it, they have to understand how to integrate it into the business structure and the corporate culture. And it has to contribute to competitive advantage.

So, dear CEO, if you really mean what you say, here are four things you need to do.

First, take a hard look in the mirror. Ask yourself: "Who are we, as a company?" Former BHP CEO Paul Anderson once told me: "You have to address the issue of who we are before you can really address strategy, because the 'who we are' tells you what raw material you have to pursue a strategy and what kind of possibilities it creates."

He knew BHP's distinctive and enduring identity as a pillar of national development would form a solid foundation for a social responsibility strategy.

Identity can provide a basis for a CSR strategy for any business. For example, a CSR strategy for Sensis could be based on its identity as a connector of people. A CSR strategy for Transurban, the toll road operator, could be based on its identity as a high-tech link between communities. A CSR strategy for the Australian Stock Exchange Ltd could be based on its identity as a provider of transparency in the market.

Once you have a broad CSR strategy that has emerged from your company's identity, the second step is to create a structure that legitimises CSR at the highest level.

Board-level accountability is essential. The CSR structure must tackle the business "silos". A cross-functional CSR leadership group can translate CSR into business activities across business units and functions.

The CSR structure needs to be supported by line accountabilities and key performance indicators: what gets measured gets managed.

The third thing is to foster a culture in which people understand the common interests of the business and its diverse stakeholders. When your people understand how the company's prosperity is linked to the prosperity of your stakeholders, they are more likely to act in socially responsible ways when making business decisions.

You have to talk frequently and visibly to your people about these links and the behaviour you expect. Another effective action is employee volunteering in partnerships with social-sector organisations, based on shared interests.

**F**OURTH, your company needs well-developed CSR capabilities, especially among employees who have decision-making authority. The CSR capabilities are: stakeholder engagement, value-attuned communication, dialogue, social accountability and ethical business behaviour. CSR capabilities can be measured and developed and are the foundation of excellence in executing CSR strategy.

Now, I can hear you asking, what about shareholder value? Of course you have to deliver it. But the purpose of business is not to create shareholder value; it is the consequence. If the purpose were shareholder value, all companies would be the same and there would be no basis for strategic differentiation or competitive advantage. When your CSR strategy is based on identity, embedded in structure and culture, and supported by strong capabilities, shareholder value will follow.

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