

3rd Conference on Ethics in Business: 'Putting Corporate Social Responsibility into Practice'

CSR in Practice

Sacred Heart Seminary

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I will start by referring to a famous book written by Viktor Frankl in 1946 titled ***Man's Search for Meaning***. Viktor Frankl was a prisoner in Nazi concentration camps during World War II, and he observed that those who survived were able to connect with a purpose in life that made them feel positive. Survival involved identifying a purpose to each person's life through one of three ways: the completion of tasks, caring for others, or finding meaning by facing suffering with dignity.

I dare draw some parallels between the extreme tests of human endurance that inspired this book, and the more mundane challenges of running a business. A sense of purpose is critically important for human resilience in all challenging circumstances. And running a business today has become very complex. It requires mental and physical stamina, and quick responses to different adverse circumstances that are emerging at short intervals from each other. It is therefore more important than ever before for businesses to have a clear sense of purpose.

To my mind, the most meaningful way of looking at corporate social responsibility is in terms of our broader purpose as businesses. To be able to sustain its existence, a business needs to earn a profit. And those who run businesses have a responsibility to do all they can for their business to run efficiently and profitably. But that by itself is often not enough to motivate

people to strive for continuous improvement as is required for a business to survive and thrive long-term.

Earning a fair profit is a duty. What is a fair profit you might ask? A fair profit is simply what you can earn from a business transaction without stealing anything from others, exploiting workers, lying to customers, making false declarations to authorities, or indulging in practices that negate others the opportunity to earn the same profit if they behave correctly.

Fulfilling a greater purpose through a business is a mission. You do it because you want to, because there is a set of values you believe in, and those values inspire your vision for the growth of your business. There are choices to be made along the way. The quickest buck provides no satisfaction if it goes against your values.

Our corporate social responsibility starts with our quest for knowledge. We have a responsibility to know what products we are putting on the market, what they contain, how they are made, who benefits and who is exploited in the process, how that product will impact people's life in future through its consumption, or during its use and in the process of its eventual disposal. Knowledge, as opposed to blissful ignorance. Education, as opposed to spin or green washing.

This is why I am not a big fan of how corporate social responsibility has been transcribed into a set of reporting requirements.

There is no magic wand. The choices we make often involve a cost-benefit trade-off. The easiest way to generate zero waste is to consume nothing. Every medicine has its side-effects. Maximising welfare requires striking a

balance between progress and the exploitation of natural resources. It also requires thinking beyond immediate self-interest. We are surrounded by greed, and where greed is everywhere you look, there is a high risk that it becomes normalised, because everything is relative. That is how societies become corrupt: through the normalisation of bad behaviour. In societies that struggle with varying degrees of corruption, businesses tend to be scapegoated and the words "business" and "profit" become dirty words, when the real culprit is not business or profit, but greed, pure greed. It is therefore even more pertinent for ethical businesses that earn legitimate profit to distinguish themselves from the greedy, and this is where CSR comes to the fore.

CSR has become closely associated with brand image because of the increased awareness in markets and societies about the impact of businesses on environmental and societal outcomes.

CSR in practice involves constant communication. To have an effective CSR strategy, you need to understand what really matters to your current and potential future employees, your customers and future customers, and wider society. You also need your employees to own your CSR strategy because it is relevant for every business decision that is made, however big or small. If your employees are not aware, do not comprehend or do not share your values, they will either not be able to reflect them in the execution of their duties or need to make so much effort to stay in line that they cannot function serenely and become inefficient at their job. It is therefore very important to look for employees who share your values during recruitment. Cannot values be taught, you might ask? Yes, during the formative years. But I am personally rather sceptical on the extent to which you can alter people's values at a later stage in their life. Once unethical behaviour has been normalised in people's psyche, it is very difficult to undo that.

Corporate culture does however help to strengthen resolve in people who uphold ethical values. It is a fact that in a corporate world that is highly competitive, where success is measured mainly by financial gains, mitigation of risks is highly complex, and reward systems incentivise collusion, people are often treading a fine line.

The interplay of businesses and NGOs features prominently in CSR initiatives. NGOs are much better placed at addressing particular environmental and social causes than most businesses, but they often struggle with funding and resources. So, teaming up with NGOs for CSR initiatives is an effective way to help strength NGOs and build programmes of action that can have lasting impacts. Even here, the alignment of values is critical to ensure authenticity and misinterpretations on motivations. Businesses will be regarded with suspicion when they sponsor NGOs that work for causes that are perceived to be conflicting with the activities of the business. The credibility of the respective NGOs is also undermined when this happens. It is therefore important to team up with reputable NGOs that have good standards of governance and are aligned in terms of values.

This brings me to another element that is fundamental for CSR thinking and practices, and that is reciprocity. This is most critical for a healthy employer-employee relationship. Employees need a decent income to be able to live well and employers need competent and reliable employees to be able to run their businesses. Both sides are key to each others success. Training is a key enabler in the relationship. The pace of technological advancement and the higher volatility of today's markets requires organisational agility and constant upskilling of employees for businesses to remain competitive. Businesses

cannot move up the value chain and carry out higher value-added activities unless their employees move up the ladder of knowledge and skills. So, employers have a moral obligation to invest in the training of their employees, quite irrespective of for how long they are able to retain them, and employees have a duty to undertake training with an open disposition to learning and self development.

One of my greatest frustrations in over 25 years of being an employer was some people's lack of enthusiasm for learning, which was typically more pronounced in lower skilled workers. In such situations, it is a real challenge for the employer to behave in a socially responsible manner. I have come across companies hesitating to invest in technology because a good portion of their employees did not have the disposition for upskilling and would become effectively redundant if they went ahead with their investment plans. How do we provide quality jobs for everyone and maintain the motivation of those who are willing and able to learn in the absence of reciprocity and a shared growth mindset?

We need to stop employing people indiscriminately, just to plug an immediate resource gap. Our recruitment practices shape the society we live in, and while human resources shortages are a very real and serious bottleneck for the growth of our businesses, shortsighted remedies in the form of an uncontrolled flow of imported cheap labour will do little good for our businesses in the long run. It will however permanently alter our social fabric at a rate which stresses not just our infrastructure but also our social cohesion. As businesses, we need to ask ourselves, how are our recruitment practices impacting society today and tomorrow. We might need to grow at a slower rate than we would wish too, and we might need to invest more in technology than we have been doing up to now, and securing the financing for that is certainly harder than getting a loan to invest in property. But

corporate social responsibility is ultimately about building sustainability business models that operate in harmony with their social and natural environment.

We also need to consider growing our businesses beyond our shores. I dare say that for those who have big ambitions for their businesses, thinking in these terms is also a way of being a socially responsible business. The challenge of venturing into overseas markets is huge, but it also provides a broader purpose and a pathway towards more sustainable growth for our businesses and eases some of the pressure on local resources.

So, CSR is not about numbers and publicity stunts as much as it is about mindset and perspective. And corporate social responsibility alone, without personal responsibility on the part of individual citizens and political responsibility on the part of policymakers will not change our society in meaningful ways. As businesses, embracing a CSR mindset provides us with a broader purpose and more meaning in what we do, and it therefore makes sense for us to do the right thing just the same. But businesses do not set the rules of the game. What businesses set is the speed at which the game is played. And because businesses tend to move faster than policymakers, they appear to be more in control. By making socially responsible choices as business we can shine a light on what the direction needs to be, hoping that policymakers will be inspired to change the rules of the game in ways that will truly improve outcomes in our society.