

AWAKENING SOCIAL RESPONSIBILITY



A CALL TO
ACTION

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“Awakening Social Responsibility” Book Excerpt

A Call to Action

**By Rossella Derickson
and Krista Henley
with Cindy Campbell,
Heather Connors
and Almaz Negash**

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Preface

We live in an unprecedented time where there are remarkable changes in our society, economy, and environment. We can no longer avoid the impact that individuals, corporations, and organizations have in a community. What can we do to help? What is our responsibility? There are pivotal times in our lives when we are called to action; when we are called to make a difference. Our team of five committed professional women answered the call to make a difference by interviewing experts in social responsibility, and bringing the wisdom back to you, our readers.

The result is a quick guidebook for global citizens who are interested in creating socially responsible programs but have little or no idea where to begin within their own companies. Our team makes no effort to be comprehensive but instead offers a glimpse of what is possible. Our intention is to help people get started on the pathway to corporate social responsibility (CSR).

The concept of CSR is not new, just of greater interest now that media scrutiny, shareholder concerns, and public opinions have heightened the value placed on socially and environmentally beneficial business practices. The benefits, however, will be greater when initiatives are well integrated with business strategy and, as a result, companies “do well while doing good.”

By just picking up this book, you have joined us as a change agent to support the evolution of a more sustainable world. As you read, we hope

you are inspired by each contributor to the book. We trust you will gain insights on how to leave a positive global footprint, and through CSR programs, bring meaning into the workplace. Please join us by awakening members of your network to the importance of CSR, and together, answer the call to take action!

Rossella Derickson, Krista Henley, Almaz Negash, Cindy Campbell and Heather Connors

Silicon Valley Watcher

Tom Foremski

Tom Foremski is a former news reporter and columnist for the Financial Times. He now writes about the business and culture of Silicon Valley on his web site, The Silicon Valley Watcher (<http://siliconvalleywatcher.com>). We asked Tom for his views on corporate social responsibility.

What are your thoughts about Corporate Social Responsibility?

CSR is a topic that is about to explode. Google started igniting peoples' thinking about CSR with an article in *Red Herring*. In fact, the Google Foundation was almost the reason Google existed. It was inspiring. That kind of vision statement is vital here in Silicon Valley.

“Google.org aspires to use the power of information to help people better their lives. We are an experiment in active philanthropy. In addition to financial resources, we are fortunate to be able to engage Google's entire family of people and partners, information technologies and other resources to address three major growing global problems: climate change, global public health, and economic development and poverty.”

People really want to change the world; they are here to make a difference. I see it time and time again with new start-ups. After several successes, the entrepreneurs want to get back in and try again, to continue to innovate. It's not about changing the world with software or chips. There has to be a place for us to give back to our societies and to our communities to make it all worthwhile.

People want to be a part of a group that is doing fantastic things. The organization has to be a good corporate, community and world citizen. All companies need to have all of these elements, and you can't just give lip service and say you are doing it; leadership has to be involved.

Why might Silicon Valley be the new frontier for social responsibility?

Silicon Valley is a melting pot. The competition here is for the best in the world, and it's not money that competes for the best in the world. What attracts that person is more than money and stock options—it is being part of an organization that is much more than that.

To make real progress, the venture capital community needs to be more involved in CSR. It is time for VCs to have CSR in their business plans. That would really help things along.

Where would you start?

Silicon Valley has to show social commitment in our own neighborhood. A local commitment is not evident. Schools are the fabric of a community and society, and they should be the first focus of CSR. The public schools in Silicon Valley are terrible. They should be showcases. Within a few miles of each school are resources, materials, and money. There is no excuse for such a bad school system. As a community, we need to get involved and show that we are involved locally. Some of the charity needs to start at home.

One simple solution is to have the best and brightest donate time to schools. We could leverage the brilliant minds to inspire our youth.

Silicon Valley entrepreneurs know how to build business. Why not have a social mission and be extremely profitable? One should be rewarded for doing well in the community. People shouldn't have to take a lower wage to do good work. Silicon Valley can set an example and stop the old way of thinking about good work, which is "You love what you do so we can pay you less." The new model might be "Love your work, do the right thing, and be financially rewarded, too."

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Heed the Challenges

Kirk O. Hanson

Multinational corporations must contend not only with the scale and complexity of their operations but also with public scrutiny that can expose poor labor conditions or poor behavior of any kind, anywhere in the world. To gain perspective on the challenges multinational corporations face in implementing CSR, we posed questions for Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University and University Professor of Organizations and Society. He also is an emeritus faculty member of Stanford University's School of Business and has served on the boards of such foundations as The Business Enterprise Trust and the Social Venture Network.

What challenges do multinational corporations face when implementing CSR?

"Companies first need to assess why they want to implement CSR," said Hanson. What is their rationale for implementing CSR? Are they implementing CSR based on the belief that it will help their long-term profitability or is it to fend off criticism and help the reputation of their corporations? Companies that implement CSR

simply to boost their reputations generally do not expend the amount of time and resources needed to make CSR a truly meaningful part of their organizations.

Hanson views measurement as the biggest challenge of CSR. How do you measure the benefit to a company from its CSR program? Costs avoided from the implementation of CSR are hard to measure. For example, BP cut its maintenance and safety investment in the late 1990s and early 2000s. There was an explosion at one of its Texas refineries that resulted in employee deaths. This incident hurt both the company's finances and brand. A similar situation occurred when BP's negligence in maintaining its Alaskan pipeline resulted in costly repairs and significant damage to its reputation. "It is now possible to calculate that poor maintenance cost lives and tens of millions of dollars," said Hanson, "but if BP had invested \$20 million more in maintenance how would we know the cost avoided?"

"Companies should be asking other questions as well," said Hanson. For example, how do you measure the damage in value to a firm from sweat shop allegations? How do you measure greater firm productivity resulting from treating your employees better? What are the preventive measures that companies can take to make sure that they are not involved directly or indirectly in unethical businesses in often distant places?

Hanson advocates that companies implement CSR in order to create strong and sustainable management practices and not in response to public pressure. He believes that CSR is profitable in the long term if it is fully integrated. However, "successful CSR integration will happen only if the CEO of the corporation believes in it." The CSR program needs to become a part of the corporate culture, and the development of a CSR action plan should be the responsibility of an executive who can coordinate its implementation across the entire company. A few leading companies are appointing a "Chief Responsibility Officer" who serves as a member of the top leadership team and can influence all corporate decisions. This kind of powerful position helps make CSR implementation uniform across all divisions.

In order for CSR programs to be truly integrated, noted Hanson, companies should make them a part of their annual performance evaluation. Such a requirement helps companies measure the impact of their corporate social responsibility endeavors. Companies can set a dollar amount to be saved; for example, "Next year, we will save \$1,000,000 by asking all employees to shut their computers off before leaving the office." Or they can ask department heads to bring their operations up to a certifiable standard; for example, the environmental certification standard (ISO 14000).

What are the global challenges of CSR for multinational corporations?

Rightly, there is a lot of pressure for multinational corporations simply to comply with the local rules and regulations of other cultures. Simultaneously, large multinational companies face even more pressure from NGOs to conduct their global business operations responsibly and ethically.

"There are societies in which U.S. corporations are expected to comply with strict government policies that challenge widely held standards of human rights," said Hanson. How do you deal with difficult cases such as government pressure in China to censor the Web? Recently, Google and Yahoo have been criticized by human rights organizations for allowing the Chinese government to filter certain information. As a result, "Businesses must be engaged in government policy development. For example, they can engage international regimes and organizations that promote workers' rights. But how do U.S. corporations properly deal with human rights issues which go beyond simple employee working conditions and include broader societal development?"

CSR is different in every country and company. Hanson noted that CSR is highly developed in European countries and that the demands on companies for responsible behavior are extensive. For example, European firms are more often expected to listen to their stakeholders' needs and fulfill them, whereas U.S. businesses prefer to "Listen to their stakeholders and then consider their needs as one input to corporate decision making."

Can you give an example of a company that has fully integrated CSR?

Hanson said that it is very difficult to say that any company is doing all it should, but “companies have recognized that they have no choice regarding whether to integrate stakeholder concerns into the management decision-making process. The consequences of ignoring these concerns are just too great.”

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About the Authors



Rossella Derickson and **Krista Henley, M.A., LMFT**, principals of www.corporate-wisdom.com, have translated their business and organizational psychology experience into Wisdom in the Workplace, consulting, training and coaching modules that support healthy group and company dynamics. Their classes to build business and leadership skills have been taught to CEOs, executives, and entrepreneurs in High Tech, Biotech, Insurance, and many other industries including leading universities. Connecting CSR to individual and team purpose at work is a new and passionate focus area. They are the Directors of the South Bay Organizational Development Network, www.sbodn.com, a leading edge forum focused on making a difference in how organizations are run in Silicon Valley.



Heather Connors and **Cindy Campbell** have combined experience of over 20 years in Organization Development and Human Resources. They partnered in January, 2007, as Co-founders to create the Human Connexus Foundation. Human Connexus is designed to be a customized donation service that provides charitable assistance from a personal donor directly to an individual identified to have qualifying needs. Cindy and Heather believe that by creating a one-on-one philanthropic connection, their approach will establish sustainable results and encourage future giving. www.humanconnexus.org



Almaz Negash, MBA, Managing Partner, Entwine Global, is Center Fellow at Santa Clara University's Markkula Center for Applied Ethics where she spearheads the Ethics of Immigration and Migration project. Negash served formerly as the director of the Markkula Center's Global Leadership and Ethics Program. Prior to joining the Markkula Center, she was the Director of the Silicon Valley Center for International Trade Development and the California Mexico Trade Assistance Center Program. In addition, she worked as a Corporate Social Responsibility researcher for a Senior Fellow at the Hewlett Foundation. Currently, she is Managing Partner at Entwine Global, a small international business, economic and educational development firm. www.entwineglobal.com

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