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CSR practices still vital in downturn

Social contributions crucial to brand image

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SINGAPORE (14 Nov 08) : Business organisations should continue corporate social responsibility (CSR) practices in tough economic conditions to maintain brand trustworthiness and create stronger brand value, say global executives.

David Schmoock, Lenovo's senior vice-president and chief information officer, said smart companies would push ahead with CSR during the financial crisis to establish trust among their customers and shareholders.

"Apart from innovating in CSR practices, you have to have commitment to building the trustworthiness of the organisation: 'We're going to do what we say we're going to do'," said Mr Schmoock.

He added that it was important to share globally CSR ideas on topics such as energy consumption and carbon emissions or sustainable and environmentally friendly products.

"This would benefit businesses as it helps build the brand. Customers are going to value corporates that are socially responsible," he said.

Not only companies but industries need to create awareness along the whole supply chain, he said.

Rob Routs, Royal Dutch Shell Plc's executive director for downstream business, said firms that halt efforts to show social responsibility will lose trust.

Vinod Sekhar, president and chief executive of the technology and media conglomerate Petra Group, said promoting CSR and changing the mindset of employees on social and environmental issues could only make companies stronger once the crisis is over.

"Get it into the DNA that companies have to care about the world," he said.

He also encouraged big companies with the necessary resources and talent to set an example in CSR practices _ for instance, by providing strategies for other companies to follow.

"We need to get small and medium enterprises to do this. We have to show

them that embracing social innovation creates value for their company brand," he said. But he said setting up CSR practices requires integration between government and the private sector.

Luk Van Wassenhove, director of the INSEAD Social Innovation Centre, said the crisis would separate companies with a genuine commitment to CSR from those that faked their concern.

Prof Van Wassenhove said many global companies have been active in social innovation, including Unilever, Procter & Gamble and Marks & Spencer. Wal-Mart has also announced that the crisis would not affect its commitment to being socially responsible in how it does business.

"There is no way back once they have made the commitment. They have to convince the world that they are doing good and that it will have a big impact on the world, which is good news," he said. "There seems to be a paradigm shift in big companies. They start looking for partner companies that share the same values."

Prof Van Wassenhove also suggested that business schools include CSR in their programmes, as a CSR Asia survey has reported that business schools do relatively little to promote CSR practices even though the younger generation is increasingly concerned about the impact of businesses on society and the environment.

"If you want to operate, you have to care," he said.