



business philosophy

NANCY ZURBUCHEN | President of Motional Multimedia and co-founder, director of the Kansas City Council of Women Business Owners
ILLUSTRATION BY NOLI NOVAK

Corporate Social Responsibility

Want to spark an interesting debate at your next cocktail party? Try declaring this: “The idea of corporate social responsibility is a bunch of hooey!” Chances are the room will be divided between those who believe business profits are the root of all evil and those who believe that the sole function of a business is to increase the bottom line at any cost. The continuum that lies between these two extremes provides a framework for both corporate management and business owners to determine their positions regarding the corporate social responsibility (CSR) debate.

As a concept, socially responsible business practices have been around since the 1970s, but it wasn’t until the 1990s that the definition expanded—though it has yet to solidify. A widely quoted current definition by the **World Business Council for Sustainable Development** states that “corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

For corporate decision makers, the question of CSR remains one of specificity—responsible to whom, and for what? Promoters of CSR answer that a company is obligated to align its activities with the social, economic and environmental expectations of its stakeholders. Traditionally, the term stakeholder refers to shareholders, customers and employees. Using a CSR lens, ‘stakeholders’ becomes an inclusive group indeed, adding regulatory agencies, activist groups, labor unions, investment markets, suppliers, community organizations and (inexplicably) the news media.

Even so, the idea of CSR seems to resonate with company management. Many corporations like **Microsoft, The Gap, McDonald’s, Intel** and **HP** have expressed an intent to invest resources toward CSR as a strategic objective. But do corporations really act responsibly, or is it just marketing?

Some critics believe that CSR is essentially PR with little substance.

Even Anita Roddick, **Body Shop** founder and early proponent of socially responsible business practices, says, “I don’t think CSR is working. I think it’s been taken over by the big marketing houses.” To remedy the situation, many are calling for stronger government regulation. This would take CSR to a whole new level, from voluntary to mandated.

The PR firm **Fleishman-Hillard** conducted a survey in 2007 to better understand how the American public views CSR. Many people said they feel that corporate practices appear to be out of alignment with the public’s priorities and that “U.S. corporations do not act responsibly.” A whopping 82 percent want Congress to intervene to ensure that companies meet pressing social issues. These numbers cut across party lines and should serve as a wake-up call to the business community.

Still, there are plenty Milton Friedman and American dream capitalists who argue that CSR runs against the basic tenets of a free market, and a corporation’s principal purpose is to maximize returns while obeying the law. They rightly point out that to protect shareholders, corporate law specifically prohibits activities that would knowingly reduce profits. They maintain that the greatest social contributions made by corporations are employment, the goods and services they create, the wealth produced through this process, and the taxes they pay to government.

So, where is all of this leading? A business case can be made for CSR. Hopefully, government will stay out of it; and hopefully, corporate decision makers will internalize the spirit of the CSR message at its most basic level—by making ethical business decisions even when no one is looking. Transparency in financial reporting, honesty towards customers, fairness toward employees, and respect for the environment: these are simply good business practices. Certainly, reinforcing a positive, ethical public image can help recruit and retain valuable employees, attract investors and, to some extent, provide a cushion for minor company missteps in the eyes of the public. Any CSR-oriented expenditures beyond this become a matter of degree and of budgeting resources. And perhaps it is not inconceivable that, under certain circumstances, CSR initiatives will be enacted upon owner or shareholder request. **KCB**



Nancy Zurbuchen, president of Motional Multimedia and co-founder, director of the Kansas City Council of Women Business Owners; Cheryl Womack, president and CEO of the Star Group and VCW Holdings; Carl D. Peterson, president and general manager of the Kansas City Chiefs; and Bob Marcusse, president and CEO of the Kansas City Area Development Council rotate in writing this column. To respond to this column, email rsmacintosh@kcbmagazine.com.