

# Corporate Social Responsibility

Whose responsibility is it?

In the 1970s renowned economist Milton Friedman claimed that businesses had no responsibility other than to make as much money for their shareholders as possible. But attitudes, and the realities of the wider world within which business exists, have changed dramatically in the intervening years. Increasing demands from a range of stakeholders, including customers, employees, and society at large, has put the idea that corporations have a much broader role to play in society firmly on the business agenda.

At Sage there is a long history of taking these wider responsibilities seriously, according to Leigh Thompson, Sage's Corporate Social Responsibility Consultant. "Sage wants to be a successful company, but it's about more than simply making money for our shareholders, we also want to make a positive difference for our employees, the communities in which we work, and the environment."

### **A good citizen**

Businesses are now expected to be guided not only by legislation and regulation but also by the same societal norms that guide and influence how we all behave. Moral and ethical considerations, as well financial ones, now inform decision making. Environmental concerns are also coming to the fore, with organisations under ever greater pressure from stakeholders to avoid adversely impacting the physical environment through adopting green and sustainable policies.

Sage has made a major commitment over the last few years to limiting its environmental impact. An internal steering group looks at both awareness levels amongst employees and what can be done, through both behaviour change and the use of technology, to reduce Sage's carbon footprint.

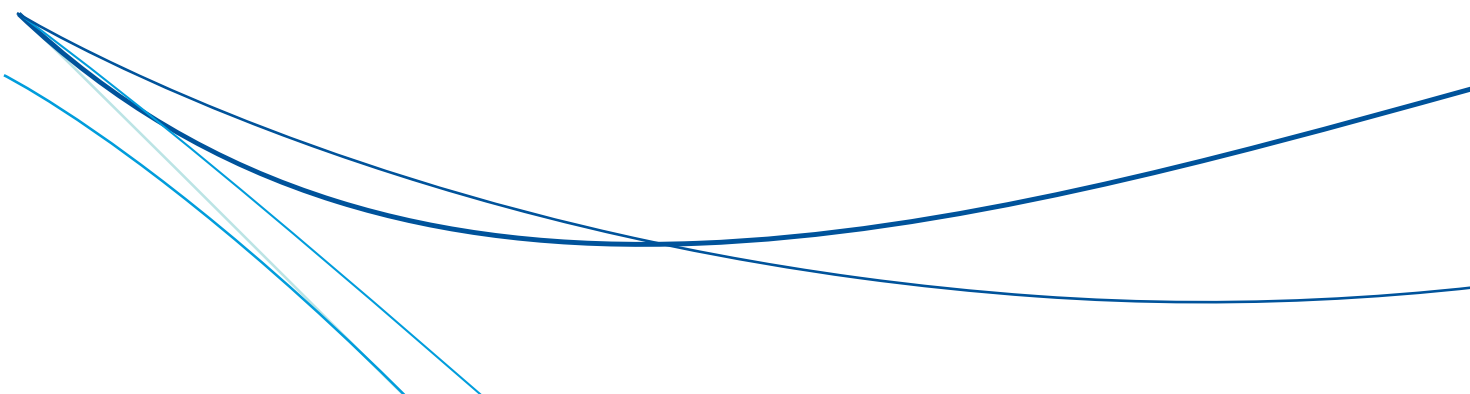
"We have introduced a range of initiatives all designed to raise awareness and reduce emissions," explains Leigh. "Around 275 people have signed up to our Cycle to Work scheme, which has the potential to reduce emissions from travel by 271 tonnes. We also have regular talks that explain to our staff how they can save money and carbon at work and at home. In our offices the Business Services team has helped us to save £3k a year on non essential lighting usage, and reduced printing and photocopying energy usage by 70% just by reviewing settings and power-down times. We want encourage people to think about their carbon footprint all the time," says Leigh.

In addition Sage is about to launch a power management module that will power down computers that have not been used for a certain length of time, meaning that there will be no PCs left running overnight. "We believe that this new system will reduce energy usage by 5% which is a lot when you consider that 50% of Sage's carbon footprint comes from energy usage," says Leigh.

### **A good business**

While the development of the policies and practices that underpin Corporate Social Responsibility (CSR) are partly driven by stakeholder demands, CSR also delivers benefits to the business. These are sometimes described as the triple bottom line - people, planet, profit. This refers to the idea that treating people fairly, inside and outside the organisation, coupled with sustainable environmental practices, leads to organisations that have a lasting and beneficial economic impact for society in general, while also returning a profit to shareholders.

According to Leigh, "Everything we do in CSR has tangible or intangible benefits for Sage. We work closely with the senior executive team to plan out the year's actions. They are really enthusiastic," continues Leigh, "and they help to ensure that we have the right mix of programmes and that they deliver for all areas of the business."



## Moving up the corporate agenda

All organisations depend on the goodwill and support of a wide range of stakeholders, and the way that an organisation behaves increasingly informs the decisions people make about who they will work for, buy from, and invest in. CSR is therefore ceasing to be a luxury that organisations can choose to ignore if they wish, and fast becoming vital for businesses that want to compete successfully. According to the CIPD, CSR translates into long term business success by contributing to the performance of an organisation, creating a distinctive market profile, building credibility and trust, and redefining corporate purpose and mission.

“Sage has six main business objectives, but two of these are particularly relevant for our CSR strategy,” explains Leigh, “firstly we want to be amongst the most admired employers, which means engaging our employees in Sage, and secondly we want to be amongst the most trusted brands in the marketplace, which means we need to have excellent relationships based on trust with our suppliers and customers.” All these concerns feed into Sage’s CSR strategy, and inform the various initiatives that Sage undertakes.

## Is CSR all upside?

While the majority of managers recognise the value of CSR, it has come in for some criticism. It has been suggested that spending on CSR simply means diverting money that should properly be returned to shareholders. This assumes, however, that CSR is only a cost, and not concerned with securing the long term future of the organisation and protecting its reputation. It is also suggested that organisations are too busy to bother, but if done well CSR should support business objectives not distract from them.

Some claim that CSR is all very well when the economy is growing, but is harder to justify spending money on when times are harder and customers are less willing, or able, to pay a premium to deal with socially responsible organisations. CSR, however, is about building relationships with valuable stakeholders whose loyalty and trust in the organisation will prove invaluable when times are hard.

Another, more fundamental, criticism is that it’s the job of politicians, not business, to change the world, but this ignores the role that CSR has in managing an organisation’s risk and reputation amongst stakeholders. In addition public opinion about the behaviour of businesses often runs ahead of legislation, requiring that organisations lead rather than follow.



### Engaging employees

CSR has an important role to play in engaging employees, as people who believe in the values of the organisation for which they work show greater commitment to and support for that organisation. This is particularly important as maximum performance from people is critical to success. A socially responsible employer is therefore more likely to be able to retain high quality, motivated workers, and get the best out of them.

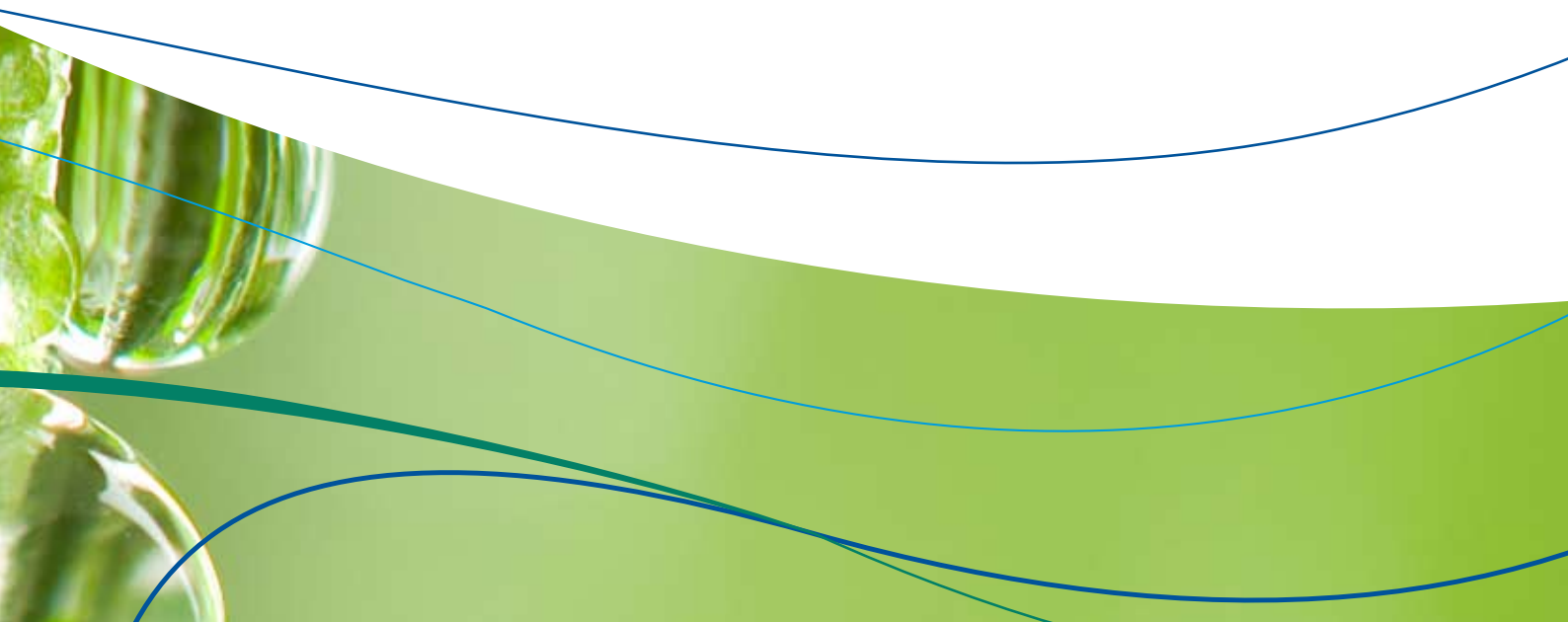
“Communication is key to getting staff buy in,” according to Leigh. “At the annual meeting we have with the United Kingdom and Ireland executive team we discuss what’s planned, and while they are keen to see tangible benefits there is no argument that it’s the right thing to do. At the frontline there is also a real appetite for CSR, and a desire to get involved. We have a monthly dress down day to which people have to contribute £2. People can nominate charities, and we actually have a waiting list of charities as people are so keen.”

Leigh does however acknowledge that it can be harder to engage middle managers. “These people are very busy meeting their specific business goals,” explains Leigh, “but we have worked to overcome some initial resistance through communication. We run interactive events that stress the benefits to them and their teams, and it’s important to focus on two-way communication,” Leigh continues, “so that people are encouraged to feedback their feelings on how things are going, and their ideas for future activities.”

Sage's CSR programme engages people by giving them the chance to develop their own skills and by encouraging them to engage with the local community. “Charities don’t just need our money,” says Leigh, “they also need our time. Recently a group of 15 Sage people took time out from the office to decorate a centre where young carers can go to get away from their responsibilities. It was a dingy basement, so we painted murals on the walls and created a much more appealing environment.” But it’s not just the charities that benefit, according to Leigh. “Community based activities are great fun, but they also get people from different departments mixing, and that helps build internal networks and relationships.”

### Working with suppliers and customers

To gain the promised benefits CSR policies must be translated into practice. Successful CSR programmes rely heavily on enlightened management practices, so Sage needs to live CSR, not just talk about it. “We are committed to developing trust in all our relationships, so we do simple things, like paying our suppliers on time, but we also focus on helping them to reduce their environmental impact.” says Leigh. Sage has worked to reduce waste, for example, by asking suppliers to remove, reuse, or recycle unnecessary packaging, and it has streamlined deliveries to reduce fuel consumption.



Sage also works hard to share what it has learnt from its own CSR programme with its customers. "Our focus is on delivering extraordinary customer service through people and products that save them time and reduce their process costs, but we also share our best practice with our customers. We want them to know what we are doing," explains Leigh, "so we issue a quarterly CSR bulletin that is designed to help them achieve their CSR objectives and provide evidence of our commitment to being a socially responsible business."

Sage's CSR initiatives also extend beyond its direct relationships. It has, for example, had input into a national IT Diploma, aimed at 14 to 16 year olds. "Our involvement enables us to influence the content and give the diploma a stronger business focus," says Leigh, "which means that we are helping in the education of the next generation of technologists, which is good for Sage and for the country as a whole." It also produces employer handbooks designed to share best practice, and which feed into the national debate on the role of business in society.

## Who owns CSR?

For many CSR is a public relations issue, which means that responsibility for this highly strategic function sits within the marketing department. But the kind of CSR that makes a real difference requires behavioural change throughout the whole organisation, which means that it is primarily an issue for HR, rather than PR.

As people increasingly seek employers whose values resonate with their own, they look to an organisation's 'employer brand' to see if there is a good match. The brand promises a particular kind of employment experience, and is central to an organisation's ability to attract and retain staff. And it is largely the remit of HR to create this brand and ensure that it is adhered to throughout the business.

"We realise that CSR is all about people, so it sits within HR," explains Leigh. "We want to enrich our peoples' experience at work, and for them to feel proud of our brand, and being a responsible business is vital to achieving that goal."

CSR requires that organisations align their interests with actions that advance, rather than harm, peoples' welfare. Of all the departments within a business HR, as the employees' champion, already has a clear ethical role, and it has the capability to deliver measurable changes in employee attitudes and behaviour that CSR requires.



## Delivering CSR to the business

Many of the functions already carried out by HR are those that are essential to delivering CSR to the business. Developing and deploying fair labour practices, supporting diversity, and creating a corporate culture that includes CSR in mission statements and as part of organisation goals, are all within the current remit of HR and are fundamental to the success of a CSR strategy.

HR is also essential to communicating and implementing ideas and policies that lead to cultural and behavioural change. CSR provides an opportunity for HR to demonstrate its strategic focus, working to embed CSR into the organisational culture, where it can affect behaviour, attitudes, and performance. "Working closely with the leadership team helps to make sure we have the right mix of programmes," explains Leigh, "and it makes sure that CSR is completely interlinked with our business strategy, and that it plays a role in decision making at every level in our business."

## Developing a CSR strategy

Knowing where to start developing a CSR strategy can be difficult but, according to Leigh, while there's a lot more to CSR than getting involved in the community, it's a great place to start. "When deciding what your policy looks like it's good to think about the impact you want to have, the time and money you can invest, and how whatever you do is aligned to your brand and values. But most importantly, involve your people in the process. It's a great way to engage them and the more passionate they are about the work you do, the greater the impact you'll have, internally and externally."

To reap the benefits, CSR must be embedded in the business, and everyone must believe in it, which is why Leigh was delighted with the results of a recent internal survey which showed that 94% of employees believe that Sage is committed to being an ethical and responsible company. "It doesn't mean that we can let up in our efforts, but it does mean we're on our way to achieving our goals," concludes Leigh.

### Sage (UK) Limited

Telephone 0800 694 0568  
Facsimile 01993 709 300  
Website [www.snowdropkcs.co.uk](http://www.snowdropkcs.co.uk)  
Email [snowdropkcs@sage.com](mailto:snowdropkcs@sage.com)

Registered in England No. 1045967 and with its registered office at North Park, Newcastle upon Tyne NE13 9AA

