



Responsibility in Communication. *A Challenge for Europe*

• Congress documents •

Madrid, October 5 - 7, 2011

1st European Congress
on CSR Communication

by **dircom**
Asociación de Directivos de Comunicación

Congress *documents*

*Arribas, Esteban
Cerana, Nicoletta
D'Anselmi, Paolo
Granda, Germán
Guzaite-Quintus, Jolanta
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Selemane Padamo, Celma
Sikorski, Szymon
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Tarrés, Montserrat
Van Hasselt, Koenraad*

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Madrid, October 5 - 7, 2011

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Esteban Arribas



Foreword

As the Academic Director of the 1st European Congress on CSR Communication, let me introduce this compilation by highlighting what I consider to be the main conclusion of two exciting, emotional and fruitful days in Madrid: CSR communication matters in Europe as a central element of an integral CSR policy in any responsible business, public or third sector organization.

The congress took place in Spain's prestigious Spanish Escuela de Organización Industrial (EOI) and gathered experts and directors of communication from private companies, NGOs, and governmental organizations from all around Europe: (Estonia, Finland, Germany, Holland, Hungary, Italy, Latvia, Lithuania, Portugal, Poland, Spain, the United Kingdom...) all working together for a sustainable and responsible Europe through CSR communication practices.

The congress started with an opening speech by the Spanish Director General of Social Economy, Autonomous Work and CSR, Juan José Barreda (Ministry of Labour and Immigration). Mr. Barreda initiated the first steps of intense and productive discussions as an example of what Craig-Lees called the theory of sensemaking as a fruitful method for better understanding communication processes from a social approach. His words led the Congress to "sensemaking" the importance of communication as a key tool for developing a successful, transparent and responsible CSR policy. Moreover, he showed how a "sensemaking" process could also be achieved through an institutionalized dialogue describing the successful Spanish State Council for CSR (Consejo Estatal de la RSE). With a clearly European, wide approach, representatives from business, trade unions, NGOs, academics and public administration discuss and promote CSR within the Council in order to achieve sustainability and responsible practices not only for private but also for public and third sector organizations.

The papers presented in the congress were of high quality as regards both original conceptualization and empirical research. Some argued through facts and original scientific methods and others persuaded by means of emotions, principles and values. Both strategies created a propitious atmosphere for lively debate.

The following were the papers presented in the Congress: "The Importance of Being Earnest" by Carlos Magro (EOI); "You Cannot Manage What You Cannot Measure" by Fernando Prado (Reputation Institute, Spain); "Do Not Talk About Them, Talk With Them" by Jami Taipalinen (Hill & Knowlton); "CSR and Reputation: a Matter of Leadership" by Koenraad van Hasselt (Reputation matters); "Sense and Bureacracy: Reporting CSR, From Rituality to Accountability" by Paolo D'Anselmi (Alfa Scarl); "Corporate Responsibility in Central-Eastern Europe" by Zsofia Lakatos (Hill & Knowlton-Hungary); "Mainstreaming CSR in Unusual Suspects" by Germán Granda (Forética); "Communicating Sustainability: How to Spark Dialogue and Inspire Action" by Jolanta Guzaite – Quintus (Lithuenian PR Association); "CSR Communication: Time for Hard Questions" by Anne Gregory (Leeds University – Chair-Elect Global Alliance); "The Seven Deadly Sins of CSR Communications" by Martina Hoffhaus (Messagepool); "A New Communication Challenge for the Italian Charities Market" by Nicoleta Cerana (Ketchum Italy funder); "CSR as The Axis of a Communicational Strategy: The Case of the Portuguese Association for The Right to Credit" by Celma Selemane (Instituto Superior de Novas Profissoes); "CSR and NGOs: the Case of Down" by Beatriz Prieto (Down Spain); "Education, an essential element of CSR" by María Jesús Pérez (CEO Adams Spain); "CSR Communication in Real Estate" by Szymon Sikorski (Chair-Polish Association of Developers); "Responsible Communication: a Crucial Tool to Foster CSR" by Marcos González (Media Responsable); "New Assessment Toolkit: Integration of CSR Policies in Corporate Reputation Management" by Isabel López Triana (Villafañe & Partners); "Exchange of SCR Information Among the 250 Leading European Corporations" by Laura Illia (IE Business School); "CSR and the Estonian Post CSR Communication Strategy" by Inge Suder (Estonian Post); "CSR Through the Prism PR Consumer Relation: Electrolux Thinking Outside the Box" by Aleksandra Moorast (Electrolux PR representative in Tallinn); "The Case of GRACE" by Conceicao Zagalo (GRACE Portugal); and "How CSR Enhances a Company's Values. Management Consequences" by Carlos Sháchez Olea (Dircom Vice-president and President of Atenea Comunicación).

The closing speech of the congress was given by H. E. the Minister of the Presidency D. Ramón Jaúregui, a leading CSR advocate in Spain and Europe. He made an interesting speech on the importance of truly transparent communication in a rapid, global and challenging world for every business,

NGO and government.

Finally, the Congress adopted the Madrid Declaration on CSR Communication taking into account Dircom's Manifesto for a Responsible Society (2010). All participants agreed to carry on working to organise a future meeting held in another European city. The theory of sensemaking continues...

Let me finish by thanking Dircom, the EOI, the Spanish government and all participants who gave me the opportunity to dream of and learn how a better world can be achieved through communication, dialogue, understanding, good practice and solid principles and values, guided by CSR communication management.

Esteban Arribas

Professor of Politics, University of Alcalá (Madrid)

***Researcher specialized on public policy analysis
of public service broadcasting television and CSR***

Montserrat Tarrès



Congress Keynote Speech

Dear European colleagues,

First of all and on behalf of Dircom, I would like to give you all our warmest welcome to our country, together with our gratitude for accepting Dircom's invitation to take part in the 1st European Congress on CSR Communication.

As one of the largest national associations of corporate Communication officers, Dircom considers it extremely important to strengthen its bilateral and multilateral relations with sister associations worldwide, and particularly at a European Union level. For many years, we have taken part in the Global Alliance for Public Relations and Communication Management, and it is particularly important for us to have Global Alliance President-Elect Anne Gregory with us. We are eager to organize a congress or other top international event of this organization and gather our colleagues from many countries in Spain, whenever this will be possible. Dircom is also active in the European Association of Communication Directors through the participation of many of our members in that European body.

In fostering cooperation and strengthening the ties among over eight hundred corporate Communication professionals in Spain, Dircom pays a lot of attention to the main areas of our profession: Press Relations, Protocol, Internal Communication, Institutional Relations, Public Affairs, Reputation, Communication Crisis Management... In this whole frame, matters like Sustainability, Corporate Citizenship, Good Governance or Corporate Social Responsibility have grown more and more important over the past ten years. The whole array of tasks, strategies and activities we jointly name CSR has become, fortunately, an essential part of a company's top management's work.

In many large and middle companies, this increasing interest in CSR has

led to the creation of new departments and officers. Sometimes they report directly to the CEO or the top governing bodies. In many other cases, they have been included in a variety of company departments, sometimes following rather disputable criteria. But in a majority of companies, as far as I think, CSR matters, officers and departments have been situated under the general umbrella of PR and Communication.

Our profession has evolved a lot in the past few decades. At least in Spain—but I believe this to be the general European trend—a company's top Communication officer is no longer "the guy or girl who deals with journalists and accompanies the CEO to receptions". Our function within companies is valuable, strategic and fully acknowledged. We are the ones who deal with all matters pertaining to the intangible assets in our companies. We belong in the top governing committees. We are top managers in the same level as our colleagues: the Financial Manager, the Production Manager, the Human Resources Manager, the Marketing Manager... There is no reason why the Communication Manager shouldn't be of equal standing with the ones I've just mentioned.

Marketing sells tomorrow, but Communication makes it possible that we continue selling and even existing next year, because Communication is the key department that deals with the larger picture of a company's position in society and in the business community. We are the ones who define a company's story telling. We are the ones who identify the needs and expectations of our various kinds of audiences and stakeholders, both inside and outside the company. We are indeed the ones who deal with our long-term reputation and with the perceptions our company produces in others. And this is a delicate, subtle and crucial element of our company's decision making processes. How could it be excluded from the tables around which those decisions are taken?

At the beginning of the current economic crisis, many people thought CSR was no longer a priority or even an option. But time is showing the opposite. Companies, now more than ever, need to be sustainable. Now more than ever, they need to properly relate to their consumers, shareholders, the media, the authorities, and their own workers. Now more than ever, society wants to choose among behaviours, and behaviour is fast becoming an integral part of a brand's projection in its social environment.

Being so closely related and dealing both of them with the projection and building of perceptions, CSR management can't work separately from Communication. Here in Spain, Dircom believes in an enhanced Communication department which is located at a company's highest level, reporting directly to the CEO and taking part in the top committees. We believe that

such a large Communication department needs to be divided into several areas, and taking care of a company's sustainability and good governance is clearly one of the main such areas.

It needs to be done in a transversal way, because CSR policies do have an effect on the processes carried out by each and every other department in the company. And, by the way, reporting what has been done is important, but the most important thing is of course doing it. For far too long CSR and Communication management have discussed G.R.I. and other reporting methods, and there was a time when the annual Sustainability Report was tantamount to the sustainability policy itself. Well, it is not, or it shouldn't be. We must define, design and implement proper policies to foster and secure our company's social and environmental standing, that is, our sustainability, and then, yes, we should also report it. But annual reports should be just the consequence, never the reason behind our decisions.

Dircom has intensified its CSR work in the past few years. We fear that companies where CSR is not part of a sound and global Communication policy may be headed towards duplicity and lack of coherence. We have seen a number of unfortunate examples in that way. We also think that Communication departments also need to do their own part and contribute to the company's responsibility.

In 2009, Dircom published a booklet entitled "Responsible Communication as a key to fostering CSR". Our aim was to deal with two matters: First, how should Communication Directors induce Sustainability in their companies and lead that process. Second, how should Communication departments introduce social, financial and environmental responsibility into their own daily tasks and activities.

In 2010, Dircom published a manual helping Communication Directors to make use of their ordinary tools in order to deal with CSR. We published this because we saw that more and more Communication managers in middle-sized and not-so-large companies were contacting us to say "help me, I've just been given the new CSR tasks in my company, but with no extra budget or staff". We therefore tried to analyze what could be done with the staff, instruments and other elements they already had.

Last year we also launched, for the first time in Dircom's twenty-year history, a campaign targeted to small businesses. The campaign slogan was "The value of being great". We played a bit with language and it made sense in Spanish, as "value" also means "courage" and "great" also means "big". We were in fact telling small companies that, by being sustainable and responsible, they would in fact secure their business and grow stea-

dily. The campaign included a forty minute documentary on how small companies can assume CSR and benefit from it. It also included six televised roundtables of experts, which were ceded for free to all television networks. And we sent small businesses a manual on how they could incorporate CSR to their activity without a significant financial burden, and report it in a simple and straightforward way, far from the complexities of the standards used by the larger corporations.

This year, we have decided to gather a small European congress to discuss how CSR should be communicated to the various audiences and stakeholders. We are eager to learn from your experiences and to share ours. We wish to plant the seed for the continuation of these meetings, because a lot depends on how CSR is perceived. We know that this is going to be a very little congress, but we very much hope it will be the start of a strengthened cooperation on this matter between our associations of corporate Communication professionals across the continent. With your amendments, the Madrid Declaration on CSR Communication is now a reality. And, last but not least, we hope that our personal and professional ties with all of you will be stronger after this two days we shall spend together in Madrid.

So, dear colleagues, thank-you for being here and I wish you have a great time with us.

Montserrat Tarrès

Director of Communication at Novartis

Board Member in charge of CSR

at the Spanish Communication Directors Association, Dircom

***Madrid Declaration
on CSR Communication***

Madrid Declaration on CSR Communication

Whereas

- 1.** Corporate and institutional communication and public relations professionals nowadays play a key role in the long-term development strategy of organizations.
- 2.** These professionals are responsible for their companies' proper management of corporate reputation and all other intangible assets, which have a growing effect on the public's perception of companies.
- 3.** Financial, environmental and social Responsibility is an increasingly important element in the proper management and governance of a company.
- 4.** Because of its deep implications on reputation management and public affairs, Corporate Social Responsibility (CSR) policies need to be properly addressed in the light of a broader approach to both internal and external communication. CSR produces values acknowledged by the stakeholders, and it is therefore a corporate need for sustainability, differentiation and competitiveness.
- 5.** Credible CSR policies need to foster a corporate behaviour sustained by coherent, transparent and measurable procedures.

Therefore,

The 1st European Congress on CSR Communication, meeting in Madrid from the 5th to the 7th of October, 2011, and gathering experts in CSR communication from European Union countries, taking into account Dircom's Manifesto for a Responsible Society (2010), **DECLARES**

- 1.** CSR and its communication is an essential part of an organization's corporate communication and public relations strategy, and it is also a manifestation of its good governance.
- 2.** Because CSR relates to internal and public accountability and therefore to communication more (and more decisively) than to any other single top level management area, many companies have deemed it reasonable to place CSR executives as reporting to the chief communication officer.
- 3.** Where this is not possible, close co-operation should still exist between the departments responsible for CSR and communication, which ideally must report directly to the CEO.

- 4.** Communication of CSR should attain the highest possible standards of truth, accountability and credibility.
- 5.** CSR should refer to corporate principles, values and behaviours, and should be communicated through internationally acknowledged standards in order to ease their understanding by the stakeholders.
- 6.** Marketing, advertising or commercial campaigns making use of CSR-related information should be considered in the light of the company's long-term reputation strategy prior to the launching of any such campaign.
- 7.** CSR also applies to the communication and PR departments in their own tasks, and they should be particularly keen to interiorize the company's CSR principles and strategies.
- 8.** While governments should play a key role to help CSR spread in their countries' business community, introduction of particular CSR policies should be a matter of each company's decision making process. Otherwise, a company's stakeholders and society at large would be unable to tell responsible companies from those who are not.

Given in Madrid on Oct. 7th, 2011.

Congress papers

Nicoletta Cerana



**Corporate Social Reporting:
A New Communication Challenge
for the Italian Charities Market**

The corporate social responsibility and the social accounting in particular have turned into the new communication challenge for the non-profit organisations operating in Italy. Since the year 2000 these organisations have been requested to be more transparent and responsible by their stakeholders, namely by donors and volunteers supporting their activities.

This challenge relates to a wide market consisting of 221,000 organisations (51% of which are based in Northern Italy) employing about 4 million people (3,200,000 of those are volunteers) and providing more than 20 million citizens with different kinds of care and social services in different sectors (such as culture, education, environment, healthcare...). The organisations composing this market differ one from the other for their field of activity, their size and their legal nature (they may be associations, foundations, social cooperatives, social enterprises...).

However, all these organisations share common assets and weaknesses. A major asset is their ability to combine a social mission and a solid system of ethical values with economic rationality. On the other hand the main weakness is represented by their traditional accounting principle.

Because of such limits, an increasing number of Italians cannot perceive the social value produced by them. Moreover Italians are convinced that a lot of non-profit organisations do not manage the funds they receive properly: either because they do it on purpose or because they lack organisational and management skills. In other words, the Italian public opinion is increasingly convinced that non-profit organisations are not managed in a socially responsible manner. Consequently, over the last few years the trust and support of donors and volunteer workers decreased considerably. Figures show that in 2010 donations, also affected by the economic downturn, have dropped by 11% (according to a survey carried out by the major Italian financial newspaper "Il Sole 24 ore"), while the number of

volunteers fell by more than 15%.

In order to help the non-profit market to restore the confidence in the public opinion, in 2001 the Italian Government founded the Agency for the Third Sector. It aims at guiding, monitoring and promoting the non-profit system in Italy by providing it with guidelines, management and organisational means. Such means are important for the sector to reach the levels of effectiveness, efficiency and shared consensus that are needed to foster its growth.

In detail, the Agency published the guidelines for ordinary and emergency fundraising, the accounting principles to draw up their financial statements and - above all - the guidelines to draw up the Social Report. Using these tools the Italian non-profit organisations will be able to guarantee the highest transparency standards to their stakeholders.

According to the Agency, the Social Report is for the Third Sector the only effective means able to give account of responsible behaviour patterns and social, environmental and economic results reached by the activities of the non-profit sector. Accounting data alone are not considered sufficient to demonstrate all these elements to their stakeholders.

The guidelines represent a real “accompanying model” to the preparation of the social report.

1. The model contains general principles deriving from the most accredited corporate doctrine in this field. More specifically, such general principles have been inspired by the guidelines proposed by the GRI3 in 2006, the general principles established by the Italian Study Group for Social Report (GBS) and other corporate social reporting schemes created for the Italian non-profit sector.

2. The model helps pointing out which are the compulsory and non-compulsory information that each non-profit organisations ought to provide, regardless of its sector of activity.

3. Furthermore, the model offers a number of informative charts, classified according to their operational sector, from which organisations can choose those to be applied to their specific activity.

4. Lastly, the model features a considerable range of indicators enabling to represent different fields of activity.

Because of the model’s flexibility and module-based structure, it can be

applied to any kind of organisation regardless of its legal nature, size, field of activity and organisational and management level of development. Furthermore, it must be known that Italy adopted a series of legislative decrees making the social report compulsory for three kinds of non-profit organisations:

- 1.** Banking foundations shall draw up the social report and incorporate it in a specific section within their financial statements (Italian legislative decree 153/99)
- 2.** Social enterprises (Italian legislative decree 155/2006)
- 3.** Social cooperatives which, in some Italian regions (namely Lombardy and Friuli Venezia-Giulia) need to draw up their social report in order to be allowed to enrol in the Regional Register for social cooperatives. Without their social report these organisations cannot sign agreements with public sector bodies and be eligible for tax benefits granted by the regional legislation.

Furthermore, considering the increasing demand for transparency, in the short term reporting requirements are expected to be extended to a wider group of Italian subjects. For the rest of non-profit and profit organisations the social reporting is not compulsory.

Most of Italian non-profit organisations do not adopt the social accounting to meet their visibility, marketing or fundraising needs; they rather choose it with the purpose to reconsider their identity, review their organisational and management processes and innovate their communication strategies. In short terms, they adopt the social accounting to become more competitive.

At this regards, a remarkable example is offered by the Alzheimer Federation of Italy. It is the major voluntary organisation dedicated to people affected by Alzheimer and their families and it comprises 46 associations scattered in all Italian regions. The Federation was founded in 1993 and in 2006 it launched its social reporting process in order:

- To improve the sense of belonging to the network by its 46 members
- To reinforce its power of advocacy towards public bodies
- To maximize the social value produced at national level

For the Alzheimer Federation of Italy the social report is a working tool which assesses associative performances, suggests improvements, concerns about 5 thousand people participating in the network, supports continuous improvements of care services and fosters its growth and identity.

Another interesting case is offered by the Italian headquarter of SOS Children Villages, which is a global network providing care services and reception facilities to more than 1,000,000 children without parental care in 132 countries all over the world.

The Italian subsidiary was the first member of the international network to draw up its social report.

The social reporting process was launched in 2010 to support an internal reorganisational program affecting the Italian reality as a whole: its national headquarter, 7 reception villages and 40 educational communities which together provide care and services to more than 600 children without a family.

The process is still ongoing. However important results have already been met:

- 1.** First of all, the project has enabled to review in a more clear way the identity and the governance of the Italian association and its international branches.
- 2.** Secondly, it has enabled to better define who are the stakeholders of SOS Children Villages in Italy and what social results have been reached by the Italian headquarter and by the 7 Villages
- 3.** Lastly, thanks to the project, the 7 Villages, which had been working independently from the national headquarter until 2010, have finally started to cooperate. Thus, the project has turned out to be a useful tool to improve the accountability of Villages' directors, monitor results, pursue the established mission and enhance both reputation and visibility of the Italian structure.

Nicoletta Cerana

Italy. PR and Corporate Communication consultant

Responsible for Federazione Relazioni

Pubbliche Italiana (FERPI) CSR projects

Founder of DDB Public Responsibility in 2004.

Paolo d'Anselmi



***Sense and Bureaucracy:
Reporting CSR, from Rituality
to Accountability***

Irresponsibility is important

It is good that an organization proves itself 'not irresponsible': but how to prove this, operationally? An organization performs many activities.

If we wanted to describe them all, we could fill libraries and still miss the objective, which is to identify problem areas and try to amend them. By merely focusing on good management and law abidance, we run the risk of anesthetizing ourselves. We must take a different path. Let's turn this argument upside-down and approach the organization with the opposite intent: to prove that it is irresponsible.

The theme is irresponsibility and its disclosure. To speak about what is not good is much more relevant because, when you speak about yourself, it is safer to say the things you think are not good: let other people say good things about the organization. (We are taking shortcuts here for sake of brevity: it may be dangerous that we leave only to others to speak good things about ourselves: what if they do not do it or they do it in a way we do not like?)

An examination of our conscience that doesn't hurt is not real. At this point, I must find a systematic way to identify items of potential irresponsibility. These are going to be very close to what the strategist applying the SWOT analysis would call threats and opportunities (and perhaps would add strengths and weaknesses, too). What I look for is also close to what the professional in public relations would list as the relevant issues of the organization at hand. If I were a city or landscape architect, I would look for the hallmarks that make that city or landscape unique, important or bleak, and in need of attention and refurbishing. Now, what remains to be done is to understand the method for discovering social issues.

There's no closed formula with which to scan the corners of the economic system. Porter and Kramer follow the same checklist approach pursued by the Global Reporting Initiative (GRI) – and other proponents of guidelines; scholars, too, in the neighbouring domain of intangibles draw up long shopping lists. Porter and Kramer maintain that it is the task of the mid-level, local managers to apply the shared value (their) paradigm, to create a rough list of initiatives that can then be prioritized.

The drawing up of a list is an intelligent way to make heuristic knowledge additive. A process to identify issues of social irresponsibility is also a heuristic one for which all sources are good – research and debate within the company, the vocal busybodies outside the company, the press. (This is what Howard Chase called issue management in 1976, but when I read CSR reports, I do not find much of that.)

The Figure in the Carpet: deriving a framework

I propose four guiding values: stewarding the unknown stakeholder; allowing information disclosure; developing a culture of implementation; and exercising micro-ethics. I will call this the USDIME framework.

The unknown stakeholder is he who does not share a voice, who doesn't even know he has a stake in the activities of the organization being analyzed. It may be a newborn baby who will breathe what will be left of the air seventy years from now. It may be the reasonable solution to a problem that is proposed by wise people and that local voters turn down, spurred by emotions and demagoguery. Stewardship of the unknown stakeholder implies, first, identifying the competitive context surrounding the organization that we are observing.

Within this framework, comparisons of performance must be made with competitors and, in the case of government organizations or monopolies, international benchmarks must be provided. Possible government subsidies must be accounted for under this heading. When we identify economic phenomena in the internal functioning of a company or an institution, particularly intangibles and externalities, then we are listening to the unknown stakeholder. He is at the heart of all research, the silent critic inside us. An example of stewarding the unknown stakeholder would be Fiat accounting for the government subsidies obtained during the post-World War II decades.

Exercising disclosure means to tell and explain to the public the well-known stories relating to the business, i.e. voluntarily disclosing what the relevant issues are. Apologies and answers to unasked questions are also

welcome. Brevity is a 'sub-value' of disclosure: be brief, do not pad your report. I propose that disclosure is also about inserting awareness concerning an organization's operations and communicating this, internally and externally, which generates value for the organization itself.

This way, research and dissemination of internal information (disclosure) become a key element of CSR. Adding awareness to the list of intangible company values would implement what has been called corporate 'spiritual capital'. An example of exercising disclosure is Nike's providing to the public the list of its suppliers and the results of their survey on working conditions at those suppliers' facilities, albeit after much ado.

The value of implementation requires adherence to facts instead of opinion: a culture of implementation vs. politics of announcement. This means developing measures of performance and indicators of intermediate organizational processes. If we have a code of ethics, it is nice that we also have some means of measuring the organizational population's adherence to it. Developing indicators of product quantity and quality is most important in the public and non-profit sectors, where the payer is different from the beneficiary of the service or product.

In the public sector, it is most important to understand the nature of the product or service being produced, rather than laboring around the measuring of funds deployed. In times of economic crisis (and in times of economic boom, to avoid busts), it is better to develop summary accounts and benchmarks of actual performance, rather than plans and budgets. An example of the culture of implementation is when organizations provide data such as the call log to their ethics hotline (BAe Systems) or summary data on internal disputes between employees (Unicredit).

Living micro-ethics does not require heroism: avoid disinformation and do not reveal the faults of others. These are already acts of micro-ethics. I call this ethics 'micro' as opposed to the big ethics, always concerned about whistle-blowing, stem cells, abortion, theft. This ethics is something you live twenty times a day, not once in a lifetime.

An example of the absence of micro-ethics is the persistent organizational divorce in insurance companies between the sales and the claims departments, thus making it very hard for the customer to obtain honest claims processing.

CSR is not philanthropy

What kind of CSR have I been talking about so far? I am now going to be

asking myself whether the framework I have been describing implies a specific nature of CSR.

"And if I give all my possessions to feed the poor ... but do not have love, it profits me nothing ... Love never fails." (Paul, Corinthians, I, 13)

I can't help but go back to St. Paul's first letter to the Corinthians, every time that CSR is confused with philanthropy, and organizational responsibility is confused with support to the non-profit sector. It is a trite example to recall that Lehman Brothers were very munificent but irresponsible business-wise and therefore – I contend – showed little CSR.

Lehman is just a global example that everybody knows, but any one of us can come up with the name of a company sporting a code of ethics while filing for Chapter 11 under the US Bankruptcy Code. Corporations that seek recognition as being socially responsible are usually seeking some regulatory favor.

Living on the margins

Once more, I have to go back and differentiate between giving money and respecting business. Let's separate 'giving' from CSR. CSR is the attempt to capture the 'spirit of love' within an organized environment. More for the layman, CSR is a genuine intention, honesty towards society. In a nutshell, all businesses and public organizations live on the margins between unlawfulness and good management. They struggle to survive in the short and in the long run. They muddle through. There was no need for the financial crisis of 2008 to prove this definitively. Any tax accountant or administrative officer for an organization of any size could tell you this.

And I am taking an international view here, not only the nice OECD developed democracies of more or less Anglo-Saxon origin and mores, ethical and organizational traditions. I am talking of Mediterranean countries, of South American countries, of countries in the East and Far East. If this is the agreed upon perception of the state of this world, then it is not abstruse to think that it is beneficial for us to think of CSR as something different from its current understanding. CSR is not philanthropy; it is neither cause-related marketing nor welfare capitalism.

CSR means to become aware of this state of the world and the organization in it, and make an effort, at least, to tell the story of what is going on, if not to make amends.

CSR is to be found in the complex world of things that are done while

doing business that have an impact on society and are not revealed in the financial statements. CSR is always there and for everybody: businesses, government institutions, non- profit organizations.

Work on CSR must be undertaken as part of the core organizational activities, not outside them. Like the apostle Paul, who struggled to reach the intimacy of the individual being in his everyday life, so CSR is something you are while you go about your business. You do not 'do CSR' as something added on top of your business.

Organizational responsibility is, therefore, to be proved in the current business of the organization. CSR is who you are (it's not what you do). This is an aphorism that is perhaps worth clarifying. It may be true; it may be false. When the aphorism is true, it withstands probing. CSR is not philanthropy. It is not volunteer work done outside the office in association with co- workers.

Robert Eccles and Michael Krzus (2010) say it politely: in most cases there is 'very little linkage between the information published' in corporate social statements and the information published in corporate financial statements. They say one report should be done. I say the need for preparing one report is a consequence of CSR being sought in the core business of the firm. I think we emphasize different aspects of the same thing.

One report however, is a concept of unity of content and it does not imply one-dimensional content and communication: welcome continued and multichannel reporting as well as reporting differentiated by stakeholder group.

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Germán Granda



Mainstreaming CSR in Unusual Suspects

The financial crisis, the social changes affecting consumer and labour markets, and the conflicts over scarce resources set trends in the private sector. Such factors, in turn, combine with macroeconomic trends. The complex, secular and interrelated nature of these challenges is what signals them as the fundamentals of CSR.

Combining new organisational and technological practices that can be harnessed to meet the challenge of sustainability is thus indispensable for surviving in an increasingly competitive business environment. In short, behind CSR lies a golden opportunity to innovate, create value and bolster the competitiveness of any organisation.

In particular one factor of change has been essential: communications revolution, which has narrowed the link between companies, customers, suppliers and supporting industries, significantly altering profit levers.

When the company has integrated CSR in its core business and its actions are aligned with this compromise, the communication of CSR is one more aspect of this responsibility, as a fundamental factor for the transparency. The stakeholders of the companies have no doubt about the fact that the main objective of every enterprise is to make profit, and they can perceive a contradiction that can only be solved if we can convince each of them –according to their characteristics– that CSR has been integrated in the management of the firm for its capacity to produce value in the mid-long term, in a scheme 'win to win' that enlarges the group of benefits and beneficiaries.

To send the stakeholders the message that CSR is not philanthropy and, because of that, the company that communicates its initiatives in this field is not an 'unconditional benefactor', is a task that has to be assumed in order to define not only the CSR policy but also the communication strategy.

The media are for the socially responsible firm a large channel for awareness, for benchmarking of the 'newcomers' and for credibility and reputation towards the brand.

The growing interest of society towards these topics has stimulated in the last five years the emergence of specialized sections in economic newspapers which fight with magazines and websites about CSR for the interest of the readers.

The impact of media in the way of thinking and build the reality of the society is, as well as a responsibility, an opportunity. It is the possibility of rising awareness in a lot of end users of the information with the topics under the umbrella of CSR and with the responsibility that everybody has, as citizen and stakeholder, in the establishment of strategies of sustainable development, specifically in the actual context of economic crisis.

Forética presented the preliminary results of a study on the role of CSR in the conventional and not conventional media, made in collaboration with Novartis.

According to this report, the opinions of bloggers and all the news they spread on the Internet have a huge influence on the opinion Internet leaders. Their effect is multiplied by one thousand in comparison with the one of traditional media.

There is a big amount of 'unusual suspects' who interact through blogs and social media and have a big effect when expressing a point of view about the news linked to CSR of the enterprises.

Another point of this study to emphasize is that the 32% of the bloggers who deal with CSR topics on the Internet do not state which their profession is. Among those who declare what they do for a living, the most usual sectors are consultancy, brand communication and teaching. Furthermore, this study concludes that the bloggers who have the biggest number of followers are those whose usual area of working is not the Internet.

On the other hand, the study on the role of CSR in the media states that the publication of news related to CSR in the national written media has suffered an increment of 8% in the last four years. The months with the biggest amount of news are February, March and April. That information enables the Communication Managers to design a dissemination plan of the sustainability matters in their organization, since they have valuable information about what and when is better to communicate.

Forética will launch soon the whole study, which is the result of an analysis of 4.222 articles in conventional media since 2008 and 69 bloggers with write about CSR matters.

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Jolanta Guzaite-Quintus



**Communicating Sustainability:
How to Spark a Dialogue and
Inspire Action?**

Corporate social responsibility by nature is voluntary action. An organisation takes responsibility for positive change in the fields of environment, labour rights, human rights. Different stakeholders – consumers, employees, governments, NGO’s, investors, media and others project high expectations towards corporations and institutions. The biggest task becomes not only to meet those expectations, but also to keep a dialogue with stakeholders and engage them into positive initiatives aimed at sustainable use of resources, fair trade, equality, transparency.

Connecting through values

According to Victor E. Frankl, will to meaning is the basic striving of man. Finding purpose in life prevails getting rewards or consuming. The human being has a primary orientation in the directions of creating and of values. Sustainable business has just the same orientation. As D. Zohar and I. Marshall point out corporate values are changing:

| Old corporate values | New corporate values |
|--|-------------------------------|
| Profit driven | Profit and virtue driven |
| Wasting resources | Sustainable |
| Responsible use of resources | Ignoring future generations |
| Seek to make future generations stakeholders of business | Devastate human |
| Inspire human | Encouraging egoism of leaders |
| Encouraging positive leadership | Stressful |
| Gives feeling of achievement | Selfish, corrupt |
| Encourages sharing, giving | Encourages tension |
| Solving inequality | Uses fear |
| Gives hope | |

New values lie at the heart of all activities of sustainability. It's through these values that business and organisations can build a close relationship with stakeholders.

Evolving relationship with stakeholders

Relationships with stakeholders are not static but evolve over time. According to Epstein M.J, these relationships go through different stages:

- **Awareness** – at this stage stakeholders know that the company exists;
- **Knowledge** – stakeholders have begun to understand what the company does, its values, strategy, and mission. During this stage companies provide stakeholders with relevant information to make knowledgeable decisions;
- **Admiration** – in this stage trust between companies and stakeholders is being developed; and
- **Action** – companies collaborate further with stakeholders. Customers refer business, investors recommend the stock, and employees are willing to take greater responsibility.

By using different approach and methods of communication business and organisations can build not only public opinion, but also public will.

Five phases of building public will:

1. Defining stakeholders;
2. Framing the problem;
3. Building awareness;
4. Becoming knowledgeable, sharing information;
5. Creating a personal conviction;
6. Evaluating.

Integrating traditional and grassroots communication

Traditional communication plays an important role in creating public opinion. It mainly focuses on mass media as delivery mechanism. It is based

on planned, straightforward message and narrows a discourse. The main goal is to achieve attitudinal shift and to influence specific decisions and actions during a limited time frame.

Grassroots communication focuses on building public will. It is aimed at creating community of interest advocates. It explores alternative media and mass media channels in order to spark a dialogue and to inspire action. The main goal is to achieve attitudinal shift and long-term change by connecting an issue to closely held values of individuals.

Channels of grassroots communication:

- **Mass media**
- **Letters**
- **Protests, meetings**
- **Social media** (Facebook, blogs, Twitter, etc.)
- **Self-organized communication on the internet** (radio, TV)

Sustainable business and organisations willing to evolve relationship with stakeholders and inspire action, should integrate grassroots outreach methods with traditional mass media tools. Values play a crucial role in building public will, therefore a sustainability issue should to be connected to the existing values of individuals or groups.

What makes a brand green?

In 2011 Interbrand published first ranking of the best global green brands. The ranking is based on the following elements of consumer perception of brand:

- **Authenticity** – credibility of claims;
- **Differentiation** – unique features;
- **Presence** – consumer awareness of the brands green activities;
- **Relevance** – importance of activities and relation to the category;
- **Consistency** – communication across all touchpoints;

• **Understanding** – the level of understanding of a brands green activities as a whole.

Integration of all these aspects and successfull management of communication is the biggest challenge not only for Toyota, No 1 Global Green Brand, but for any brand or organisation willing to build trust based on sustainability.

Following new values, keeping the promise and showing the results is the key to successfull communication. It is a way to motivate people to pay extra for responsibility and inspire action.

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Martina Hoffhaus



***The Seven Deadly Sins
of CSR Communication***

CSR and sustainability - everybody nowadays talks about it. Consultancies are popping up like mushrooms. Consumer behaviour is becoming ethical; the LOHAS movement grows steadily (in the West). There is no doubt: Corporate Social Responsibility is not only a mega trend. It has become an imperative, a vital necessity for companies in order to survive in the future.

However, what about CSR communications? One might assume that it will be a long term phenomenon as well No! By no means! Today CSR communications as a professional discipline is currently at the level of Greenwashing – worldwide. What are the reasons? These are the seven deadly sins of CSR communications:

Sin Number 1: Do not ignore professionalisation

A recently published study in Germany on “How responsible is the PR industry” concluded that PR consultancies offer CSR services for their clients but do not understand well what it is(*1). Nor do they themselves base their activities on CSR guidelines or discuss CSR policies. Apart from the fact that marketers in consequence risk losing new business, they are acting dangerously and damage the reputation of the entire communications sector.

How companies communicate their trustworthy social commitment has not yet extensively analysed. The state of scientific and practical research in CSR communications or sustainability communications -I use both as synonyms - is poor. Consultancies and companies - even those who already practice CSR - do not know much about the complex character of the matter. It seems strange that the discussion has been delayed given the fact that – according to new studies(*2) - more and more stakeholders want to know how a company acts. Given the fact that more and more

companies publish CSR reports. Given the fact that since 2006/2007, new CSR media formats are coming up(*4), and last but not least, given the fact that our society faces severe global problems like climate change, famine, loss of biodiversity or social injustices.

CSR communications is one of the most underestimated though the most relevant disciplines within communications management today. Sustainability communications touches sectors including Public Affairs, Internal Communications and Issues Management. Primarily, however, it affects Reputation and Change Communications. This potentially makes it the perfect example of an integrated discipline.

CSR communications is a discipline of its own, like Financial Communications. You find specialisations where there are proper principles, issues and their own appropriate problem solving competencies. CSR communications has its own paradigm: truth, relevance, continuity, comparability, understandability. These are all in compliance with the accounting principles generally accepted within the Federal Republic of Germany.

It is a logical consequence that the communication industry has to deal with the professionalisation of CSR communications. Professional associations should initiate the dialogue, together with companies and consultants discussing new instruments, concepts and methods, operational processes and what kind of risks CSR communications faces. CSR communications consultancy guidelines and prerequisites for trainings are required. Moreover, we need to create public awareness. Therefore I very much appreciate the enthusiasm of the first international Madrid conference organisers. The discussion is overdue and urgently needed. There is still much pioneering work to do.

Sin Number 2: Do not doubt the new mindset

The aim of classical communications is to inform, to build up image, and to safeguard reputation. Even if these aspects are vital when dealing with CSR communications, they are not and should not be the focus of it but considered instead as a side effect. CSR-communications means society legitimisation. I would go as far as arguing that CSR communications is all about finding solutions for a more ethical or sustainable oriented society.

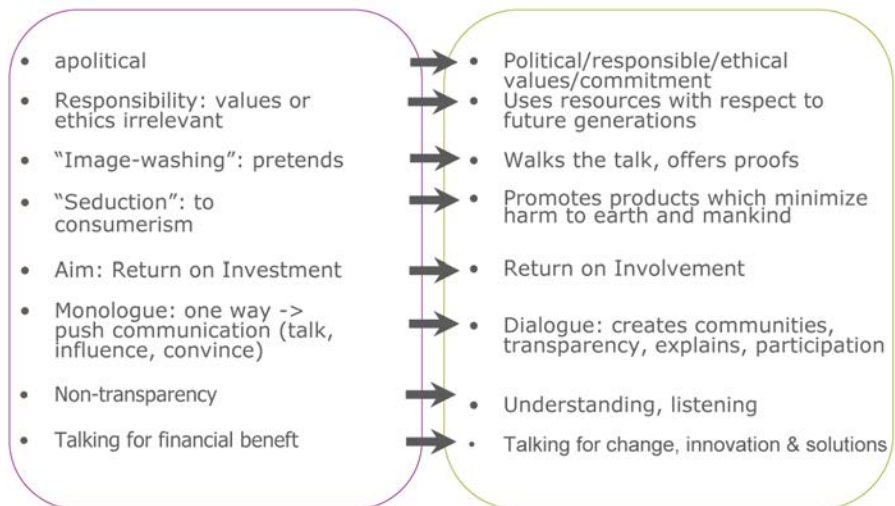
I am sure that this argument goes too far for the most consultants. In our CSR communications working group within the German Public Relations Association it caused passionate discussion. For me it is all about the necessity to rethink values, which lead to a structural change of our society in the direction of – please forgive me for being a social romantic – better

world. Otherwise, CSR communications is useless, without sense – just ‘word garbage’ so to speak.

CSR communications is all about participation and involvement. Behind it, there is a new form of dialogue. It is no more a monologue – i.e. talking, influencing, and convincing (push communication). It is more about dialogue, creating communities, transparency and traceability. This promotes the exchange and the ability to listen, to learn from each other, and to improve (pull communication). CSR communications must lead to responsible behaviour. This is the concept of ‘return on involvement’ - the ability to enter into a continuing dialogue with the stakeholder.

What does that mean for companies? It means that they have to be open to critical opinions, and it means they must be willing to talk not only about strength but also about weaknesses or improvement (in the CSR report for instance). This in consequence means they have to be open and accept critics. The benefit for transparency is that companies grow and make themselves fit for the future, initiate innovations and take the opportunity that is CSR inherent: to bring forward change for society and nature.

‘Old’ marketing versus CSR communications:



Conventional communications is rather apolitical. Considerations like responsibility and values are neglected. The aim of traditional marketing is image washing. It pretends, it likes to hide mistakes and weaknesses, and has nothing against manipulation or misleading messages. It uses superlatives ('simply the best') and - let us be honest - often does not tell the truth. One example: think of an advertisement, which makes you want to buy a homemade cake, but which in reality is a factory made one. Old marketing hides this. It 'seduces' consumers. It does not care for long lasting products, welcomes useless packaging materials. The only importance is a return on financial investment.

CSR communications can only hit the mark if it follows a CSR appropriate approach.

- It is highly political. Strategies are based on responsibility for society following the motto: Use your resources wisely so that the following generation can benefit from them.
- Promotes products that minimise harm to the earth and humankind. Strategies are based on ethical principles such as solidarity, justice, win-win and survival of humankind.
- Is based on walk the talk: Do what you claim. And claim only what you do. Do not pretend. Give clear proofs, otherwise it is not worth the communication.

With CSR communications, we enter into a new form of dialogue: we create communities, and we ask for participation. Marketing becomes return on involvement instead of return on investment. Companies that are clever, cooperate with Non Governmental Organisations (NGOs), develop initiatives with stakeholders and discuss changes or consumer behaviour.

In order to put the difference between old and CSR communications into one sentence – on a very clichéd level – I would define it like this: the old communications paradigm is 'to sell products, not to save the world'. I call it the Ackermann paradigm (Josef Ackermann is the CEO of Deutsche Bank and symbolises the old economy for the LOHAS generation in Germany).

The CSR communications paradigm implies the following principle: 'our job is to create valuable businesses, happier stakeholders and a better world'. This I call the Lowry paradigm, named after Adam Lowry who is Co-Founder and Chief Greenskeeper at Method Products, USA – one of the best examples of a company putting LOHAS into practice. Its business concept combines applied sustainability with economic success, and its

CSR communications programme to promote its hip LOHAS oriented products is inspirational.

Sin Number 3: Do not confuse CSR communications with philanthropy

If we take seriously the clichéd sentence: 'valuable businesses, happier stakeholders and a better world', the reader might ask critically: Is it realistic that enterprises act according to this wonderful vision, which has the capacity to solve all our problems? Might there be reconciliation between the pursuit of financial profit and moral actions, as Harvard professor Michael Porter argues, as long as there is a CSR strategy? As nice as it sounds, we need to keep a cool head. Corporate responsibility has less to do with mere communication of good deeds. It is rather a serious effort to address socially and ecological problems along the whole supply chain. CSR means consciously talking over responsibility as investment in core competences and core tasks of an organisation and of the society. This is not philanthropy practised by companies. This is economic survival.

Due to the advent of web 2.0, companies are more and more in conflict with the license to operate. Nothing remains hidden: contaminated toys for children, deforestation of the rainforest for palm oil or biodiesel. Pollution of oceans – as in the case of BP – because of the hunger for petroleum. The list is endless. The pressure on enterprises to provide justification has been heightened by public awareness. In ignoring it – i.e. not investing in CSR - corporations risk being denounced or even of boycotting by consumers and losing their reputation, which will become expensive. In the current competition for talent caused by demographic change, employees may decide not to apply to the company that is accused. Rating agencies will downgrade it; retailers might cooperate with somebody else. Thus, CSR is business faced with the challenge of gaining public legitimacy.

As it is the CSR communicator's core competence to create this legitimacy, we must ask ourselves: How responsible can CSR communications professionals be themselves for creating the licence to operate? Irresponsible companies can have impressive CSR communications. They can achieve good ranking and even awards for their sustainability report, be part of the 'golden standard' as in the case of BP, just to give one example. Almost all banks invest in CSR and report according to highest GRI Standard (Global Reporting Initiative = the most applied international reporting standard). But has it prevented us from the financial crisis? Does the communication sector itself faces a responsibility – a Greenwashing – problem? The communicator might be a strategic supporter, a change agent – as mentioned in sin nr. 4 – but cannot change the world on their own.

Let us be realistic. Not all companies who walk the talk claim to be green nor can enterprises themselves solve all problems. Governments should be proactive in designing and developing a legislative framework covering all areas of sustainability. Politics is compelled to provide a fertile environment for a greener economy, sustainable consumer behaviour and a better world. That should be the mission of politics.

But also the consumer plays a vital role: As long as they buy all the unsustainable products, as long as they are not prepared to use – for instance - green company cars or, even better, use a bike whenever possible, companies will not see the need for further change. They just do what the consumer buys. There are some new LOHAS(*3) oriented companies out in this world, social business is a trend, but the majority of global economy still acts according to the principle: the business of business is business.

Undoubtedly, to combine profit and moral is one of the major challenges within the CSR communications field. But as long as we redefine the role of communications within the CSR process correctly, there is a realistic chance for us influence matters.

Sin Number 4: Do not follow the traditional role of the communications manager

CSR managers are responsible for building trustworthiness and confidence – these are main principles of CSR communications. They promote the dialogue with stakeholders: employees, shareholders, clients, organisations, political entities, suppliers and the media. They analyse socially relevant expectations and developments, launch respective internal processes and optimise them. It is the communications manager who has a full overview of the different stakeholders and their different demands towards the company. Communications managers are the moderators of company or management wide processes and therefore a natural main interface to an effective and integrated CSR management.

Having such a strategic role provides a means to uncover risks and savings potentials. Think of what happens if the communicator writes in the sustainability report: 'We reduce xy% CO2 until 2012'. Taking their role seriously it is not enough just to announce it. They can and may only write about it, if the company has already started to change processes that are proven to be the case by concrete actions, results and solutions. Does not a professional CSR communicator have the duty to examine carefully the CSR roadmap and the respective departments?

What competences do we need to put these criteria into practice? Com-

munications professionals need to be experts in the complex issue of sustainability/CSR in detail. They must look beyond the horizons of their own profession and account for the inherent high risks, such as Greenwashing. A professional CSR communicator is a good anchorman, who can join and guide all departments concerned. They are not merely a reputation and news manager, but an allround strategist, innovation manager, change agent and critical supervisor, who creates new structures, processes, and imparts values. Alongside market profiling and differentiation from competitors, they create future value.

At best, communications professionals can inspire and motivate in achieving sustainability. They can bring about changes in attitude and behaviour of consumers, employees or clients. They can try to convince of the urgency of commitment towards sustainability. They can initiate processes and prevent risks. They can also tie stakeholders closer to the company.

However, I see a dilemma: On the one hand, sustainability communications is a future topic. In everyday life though, the strategic importance of the role of the communicator within the CSR management is extremely underestimated. In short: communicators propose and implement (work on the image), but we barely participate in the strategic design. This is a mistake made by the sector itself. We need to make our value proposition clearer.

Sin Number 5: Do not waste your CSR potential with Greenwashing:

'Greenwashing' is marketing claims or PR activities for products, companies or political strategies that mislead or pretend to be 'green'. Lip-service campaigns want to create the impression that an organisation acts in an ecologically friendly manner or is ethically correct and fair. However, in reality it is not the case. Partial truths are being promulgated or lies are spread.

Some argue that Greenwashing is better than nothing. They may say a greenwasher may not do everything perfectly concerning sustainability, but at least it starts doing something. Few organisations, however, know how much damage it can cause.

Greenwashing can lead to warnings and legal action. The damage can be threatening and seems to be a paradox: The greenwasher, who intends to demonstrate responsibility through green advertisement, misses the opportunity to achieve exactly what they want to reach: to strengthen the brand and the image of the products.

Consumers may be misled into purchases that do not deliver on their promise. This means both that the individual consumer has been misled and that the potential green benefit of his or her purchase has been squandered. Greenwashing also takes market share away from products that offer more socially or ecological benefits, thus slowing the penetration of innovation in the marketplace towards a more sustainable economy. Already today these promise new and valid market share in, for instance, renewable energies, organic food, natural cosmetics or sustainable investment. These new markets provide a reason to hope for profit and new jobs. They also offer trustworthy solutions for our society and nature. Why should companies eliminate this chance for significant market-based, financial incentive for green product innovation? So why should companies run such a risk?

Non Governmental Organisations argue that companies do it on purpose in order to gain market share and to hide unsocial and unecological commercial practices. But the reason is that they lack understanding of this complex issue. There are no quality standards or guidelines (in Germany yet), there is not enough practical experience and theoretical discourse about the practice.

But who defines when Greenwashing starts and when it ends? We still miss a national - or better an international - standards process. Here in Germany the Advertising Standards Authority or council have still not prepared for Greenwashing guidelines. Instead it is down to self-governing institutions in Germany such as the consumer association – a not-for-profit pressure group that looks after standards and sanction processes.

Web 2.0 has changed communications completely. Nothing remains hidden anymore. There are many watchdogs already out in the World Wide Web who can severely damage a brand. But enterprises still underestimate the power of social media and the strengthening of social communities and NGO's? They might believe that critical voices on the internet will fade away sooner or later. But activities like the Public Eye Awards punish publicly the worst corporations of the year. Greenpeace regularly exposes Greenwashing advertising.

The more companies act on CSR - and they have to in order to remain competitive - the more credibility establishes itself as an image factor and the more companies have to act upon Greenwashing. BP's oil disaster proved their CSR strategy to be inconsistent, which provoked a financial disaster. In addition, the Greenpeace Kitkat campaign on Nestlé is a good didactic example of failed CSR communications and a lost opportunity for executives to communicate responsibility.

Serious CSR communication professionals have the duty to inform and prepare companies in how to avoid misleading stakeholders. Even though the demand for our anti-greenwashing consultant tool© grows steadily, enterprises still do not take Greenwashing seriously and start thinking seriously about the matter, discussing it internally or engaging in web monitoring (i.e. to observe blogs and forums).

As there are growing numbers of green advertisements and PR campaigns, it is a question of time, money and political urgency that will lead to a definition and sanctions. Some countries have already started. In addition, companies will be more careful and look for professional guidance. There will be a natural clearing process, as enterprises do not want to lose market share. Regrettably, Greenwashing seems to be the only perception of CSR communications in public opinion. It is up to professional associations to defend the image of PR also because Greenwashing is here to stay as long as organisations fail to view the topic of sustainability strategically. This leads me to

Sin Number 6: Do not believe that CSR communications is marketing

Serious CSR communications is more than marketing or PR. Communications professionals need to make that clear and public. Sustainability communications is the beginning of a steady commitment. It is not primarily 'do good and talk about it'. It is 'do good in order to be part of a solution for the most urgent issues of our time'. It is rather the beginning of a steady commitment. Reputation and image is a positive side effect but it is not at the core of the CSR concept. Corporate communications and marketing consequently needs to become part of corporate responsibility with proper and correspondent organisation and procedures. Every enterprise has to determine for itself what the indicators for credibility, transparency, plausibility and relevance in the communication process are and how they can achieve them. Whatever an organisation announces publicly, all activities in the field of sustainability communications should be practised standards inherent in the company's values system at all levels of an organisation. Thought of and lived in this way, CSR communications increases the brand equity and enhances its reputation.

CSR communications affects all departments of a corporation. Every department should internalise the CSR strategy and determine respective objectives. This will provide a guarantee for consistent, trustworthy communications with impact internally and externally. Every organisation is required to prepare a proper CSR communications codex. Professional associations should be required to raise public awareness of a stronger

separation from consultancies that merely reflect 'Big Business' instead of ensuring its reputation, and instead live up their profession.

Sin Number 7: Do not believe CSR talk is silver, CSR silence is golden

The time is right for CSR communications. Several recent studies prove that consumers wish to see more CSR information on products(*2). Whoever wants to survive in the globalised market needs to offer green innovations and without communication there is no desired market effect. And pressure from stakeholders will rise steadily because of the Web 2.0. The latest development is when compulsory legislation forces the EU to report. There is intense discussion underway. Some European countries already have compulsory accountability reporting.

But there is a dilemma: Top managers worry about being attacked and in the worst case of being accused of Greenwashing. The reluctance to talk is not surprising. How at all possible is it to position a company positively with a CSR Report or a CSR press release? How should one proclaim engagement? Important questions of this kind still have to be answered properly. The discipline is still young. Operational long-term experience is scarce.

Opportunities & innovative instruments

On the other hand, the time now has never been as perfect for communicating CSR topics. Sustainability themes are gaining increasing internet coverage on the basis of a new 'value' shift among well informed, critical citizens – LOHAS consumers(*3) - primarily in developed countries.

What about print media?

In the print media, the period following 2006/07 saw a boom in the development of special interest popular magazines addressing CSR issues, particularly arising as a format that is reaching sustainability receptive consumers, both at national and international levels.

To give just some examples these include LOHAS-magazine (USA), Gruen (Switzerland) and My life or La vista (Germany). Additionally, mainstream media are increasingly publishing periodicals dedicated exclusively to sustainability topics (e.g. Stern magazine/Germany). One of the major German publishing house – Burda – has established an editorial office for sustainability topics. The journalistic contributions of this group are integrated into the firm's various conventional media products.

What about TV?

In television a trend toward presenting sustainability topics can also be observed – in Germany and internationally.

On a regular basis broadcasters in Germany for instance including 3sat, ARD, SWR, WDR, ZDF doku, EinsPlus, National Geographic Channel, Discovery Channel and ARTE have broadcast programming on sustainability issues, at times dedicating entire programmes to the issue.

And the Internet?

The web 2.0 phenomenon has given new momentum to the debate on sustainable lifestyles. In 2006, the first LOHAS platform was launched (www.lohas.de) as an independent, private initiative. Shortly afterwards the blog 'Karma Konsum' and utopia.de followed. Many blogs, discussion groups and YouTube films are currently dealing with sustainability issues in a playful and entertaining manner. One striking component of web 2.0 is its interactive green TV format. Broadcasting is mainly via the web and is often based on private grassroots activities rather than driven by public entities.

Examples include: <http://4-seasons.tv/> (Germany), www.green.tv (UK), www.iturn.tv (Schweiz), www.lime.com (USA), www.planetgreen.com (USA) (broadcasts also on TV), www.sundancechannel.com/thegreen.

Smartphone applications that scan a product code and give simple information on companies' sustainability rankings and activities are not only innovative; they also make sustainability communications a mass phenomenon and will put companies further under pressure to report.

The power of media

Media has a core role in fostering holistic changes in society. It informs, it entertains, it helps people to form and support opinions, and it can serve as an orienting force in society. In the study: "Integrating Sustainability Themes Into Media*4" conducted within a framework project for the Ministry of the Environment and Conservation, Agriculture and Consumer Protection (MUNLV) of the German State of North Rhine-Westphalia, we as author of the analysis show that people can be reached with sustainability messages through the effective use of media formats. People can learn from the media, or at its best, modify their attitudes and behaviours. So why are companies still reluctant to bring sustainability topics to a broader audience?

Why CSR silence is still golden?

Little money

Companies still see little need to report on CSR. Budgets are small especially in small and medium sized companies (SME). According to the certified public accountant KPMG, 200 out of 250 major corporations worldwide publish a sustainability report. Altogether – it is said - there are 6000 CSR reports worldwide. Given the amount of companies worldwide, sustainability communications is only just beginning.

Missing "sexiness"

Because there is a lack of innovative ideas and new creative solutions, companies are not prepared yet to break ranks in communicating. The complexity of the CSR issue makes sustainability difficult to communicate. The topic refers to a complex matter. It presents a problem in the collection of comparable, sustainability-relevant data.

The logic of the media

Media professionals have less time to deal with issues deeply. What counts is coverage and 'quick headlines'. CSR though is very complex and not to say in short headlines. Moreover, journalists, producers, and PR experts are not traditionally focussed on issues of sustainability and the integration of these themes in media. There is at present only very limited opportunity for advanced training in sustainability communication for journalists.

No experts

It is difficult to find the right consultant. Successful strategies are based on deep insight into the topic. This only comes from reliable research and surveys, knowing your communications business expertise and from creativity - the capacity to look beyond our own nose. But also understanding much about consumer behaviour, psychology and the sociology of change is needed. As already stated above, the study on CSR communications consultants showed that PR agencies are not prepared for it (*1)

Will CSR communication will ever come to Paradise?

The pressure on companies to report on supply chains, manufacturing conditions or the use of resources will grow continuously. The importance of professional sustainability communications will increase respectively.

Companies will be more courageous in spreading CSR messages. The importance of a brand will decrease. It will rather be the trustworthy communication that becomes the differentiating criterion of a brand.

What will count in the future of a brand are the stories about the product/company and its commitment to society. NGO's and stakeholders will be the dialogue partners of the future. The importance of labels and certificates will increase, because they increase the credibility of a product/brand.

There is one positive aspect of the Greenwashing debate. It is the birth of CSR communications. A new born baby – as we all know – cannot walk right from the beginning. Therefore I share the view of Hunter Lovins, who says: 'hypocrisy is the first step toward real change". CSR communications is on its way to learning to walk and it will become a competitive factor for the successful organisation of the future, Amen.

Martina Hoffhaus

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Notes:

(*1): Wie nachhaltig ist die PR-Branche? Eine Dialog- und Motivationsförderung für Kommunikationsagenturen. Kati Weide und Steffen Lembke, Berlin 2010. Free download of the study in German here: <http://bit.ly/a26J2y>)

(*2): There are several studies on that issue: e.g. Status und Tendenzen der Nachhaltigkeitsberichterstattung deutscher KMU -Ergebnisse einer Befragung 2011, IÖW; Study of the Fachhochschule Wiesbaden und der Strategieberatung 2hm & Associates GmbH, November 2009.

(*3): LOHAS – lifestyle of health and sustainability – are consumers that prefer to buy organic, fair trade, socially and politically correct products. They are prepared to pay more but consume less and are driven by values like quality, responsibility, well being, health, self realisation. Studies argue that up to 20% of the Western consumers are green oriented. Recent trends

survey by the Otto Group even found that up to 40% of consumers want ethical consumption in Germany. Source: Trendstudie 2011 "Verbrauchervertrauen - auf dem Weg zu einer neuen Wertekultur".

(*4): Integration Sustainability Themes Into Media Tools For The Public Sector -Sustainability and the media - Integration of sustainability themes among NRW media partners. Study conducted within a framework project for the Ministry of the Environment and Conservation, Agriculture and Consumer Protection (MUNLV) of the German State of North Rhine-Westphalia. Free download (English): <http://bit.ly/nzuNrl>

Many thanks to Portfolio Communications for the English proof reading.

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Carlos Magro



The Importance of Being Earnest: Transparency, Dialogue and Participation in CSR Communication or How to Put the "Social" and the "Responsibility" in CSR and CSR Communication

Se vogliamo che tutto rimanga come è, bisogna che tutto cambi
Il Gattopardo
Giuseppe Tomassi di Lampedusa

Abstract

Web 2.0 technologies and digital culture have transformed the way people live and work by making it easier to connect and engage, building new life forms, social practices and human institutions. They also enabled major changes in customer behaviour, which in turn has transformed those industries and companies that successfully incorporated these technologies and "digital culture" in their processes. As a customer we want to know to what extent a business is contributing to the community and to common value creation. We want to be sure that a company is genuine and authentic. As a company we have changed and diversified the way we define actions, design products or interact and communicate with our stakeholders. On both sides, transparency and openness have become major points. Open, equal and participatory instruments and tools are essential in any communication strategy.

Dialogue and cooperation seem to be the best drivers for efficiency and results. They all help to build a company reputation which has become a critical point on business performance. In this sense, a transparent, clear, consistent, collaborative and inclusive CSR policy, as a major factor in the reputation MIX, reveals as one of the most important drivers to build and manage today's companies.

Oscar Wilde's work "The importance of being earnest" was written and performed for the first time at the end of the 19th century, 1895. It is, as you all know, an ironical comedy that criticizes the Victorian society and the social conventions of the late European 19th century. Its main character, Ernst, lives a double life during the whole comedy and only at the end

he is forced to admit this. He then says the famous phrase that gives title to the book, "I have now realised for the first time in my life the vital Importance of being Earnest". One year later, in 1896, Giuseppe Tomassi di Lampedusa was born in "another" Europe, not the modern, individualistic and economy driven north of Europe, but the traditional, family based and "feudal" economy of Palermo, Sicilia.

Lampedusa is the author of just one masterpiece, the author of the novel "The Leopard" (Il Gattopardo), which narrates the life of its main character's family (Don Fabrizio) during the Risorgimento era. As Oscar Wilde's play, it is a book known by most of today's Europeans for one famous phrase: "If we want things to stay as they are, things will have to change" and for the political term known as "leopardism".

However, both share more than only the fact of forming part of the collective imagery by providing two well known quotes. They both analyze the importance of trueness and sincerity. Two famous phrases and two key concepts, transparency and honesty, that illustrate the search for the "social" and "responsible" aspects in CSR and CSR communication strategies.

In the following lines I would like to give you a quick view on the links between the Corporate Social Responsibility (CSR) and the Digital Culture that pervades our world and have profoundly transformed our lives in the past 15 years. The Digital Culture or Economy created deep changes that have affected our everyday life as citizens and individuals, as politicians or scientists, as members of a family or as members of a group of interest. It has permanently and irrevocably altered the way we rule and manage corporations. I will focus on how this change in corporate management affects the way we define the CSR strategies and handle the corporate communication. As a logical consequence, I will try to sketch what should be the role of CSR communication in this new scenario. "To manage" is more and more "to talk with others" and to have the capacity to build up contexts in which the stakeholders of a company can develop collaborative projects that contribute to the community and to common value creation. In this sense, the combination of CSR with the new digital culture can be seen not only as a way of doing "real" and "true" CSR, but also as the best way to put the "social" and the "responsible" component in the CSR policies and why not as a platform of open innovation.

Four moments in our understanding of Digital Culture

The starting point for this exploration is a quick snapshot of four moments that can help us to define what we understand by Digital Culture.

In 1999, four unknown authors wrote a now well-known text under the title *Cluetrain Manifesto*(*1). This set of 95 theses illustrates the idea of Markets are Conversations, and can be summarized in the following quote: "A powerful global conversation has begun. Through the Internet, people are discovering and inventing new ways to share relevant knowledge with blinding speed".

Two years later, in January 2001, Wikipedia was born. Known as the best example of creation and collaboration among users, it shows the strength of "self-organized" and distributed knowledge production and is, in a sense, a nice case of successful crowd communication.

In September 2004 Tim O'Reilly wrote a seminal paper titled *What is Web 2.0*(*2), where he set up the concept of web 2.0. The key point for the 2.0 claim was the will of a convergence of all the technologies and practices in favour of the horizontal and transparent participation or any other form of user involvement in the management of the web. One of the main things Reilly proposed was the idea of the network as a platform. "That means far more than just offering old applications via the network ("software as a service"); it means building applications that literally get better the more people use them, harnessing network effects not only to acquire users, but also to learn from them and build on their contributions". One of the fundamental ideas underlying Web 2.0 was that successful network applications are systems for harnessing collective intelligence(*3).

Many people now understand this idea in the sense of "crowdsourcing" or the power of the crowd, meaning that a large group of people can create a collective work whose value far exceeds that provided by any of the individual participants. The Web as a whole is a marvel of crowdsourcing. We will come back to this idea later on to see how this can affect CSR policies.

Finally, two years later, in 2006, Andrew P. McAfee wrote the article Enterprise 2.0: The Dawn of Emergent Collaboration(*4) asking himself if we finally have the right technologies for knowledge work? Wikis, blogs and the like can make a corporate intranet into a constantly changing structure built by distributed, autonomous peers — a collaborative platform that reflects the way work really gets done.

These four moments have defined the Digital Culture we live in, and, when applied to the world of value generation, the Digital Economy that rules businesses.

What predominates in this Digital Culture are values as openness, adaptability, flexibility, social and collaborative skills, shareability and participation, honesty, transparency and trust, engagement and interactivity, com-

munities and individuals and true two-way symmetrical communication.

We are hearing more and more about “economy of trust”, “open economy”, “economy of remix”. We are talking about the values of the new economy: sustainability, creativity, transparency, participation, responsibility, commitment and technology. In fact, this new economy is a mix of values and capacities, and has already provoked - as we will see below - major changes in customer behaviour, in reputation management, in corporate communication and, as a logical consequence, also major changes (or opportunities) in Corporate Social Responsibility strategy.

The change in customer behaviour

Market driven – no longer expert driven. The aim for being informed.

Digital Culture has put the power in the hands of the consumers, enabling them to quickly share information. This has changed the way corporations manage their products. The buying process has become a collaborative process in such a way that has turned out almost impossible to influence customers with the old techniques(*5) of marketing.

At the same time, we are now aware that the more diverse, populated and connected the environment, the more it works as an “platform” of creativity. Digital culture has expanded this open information exponentially. We have entered into a new era of deep customer engagement. Today’s more and more empowered, critical, demanding and price-sensitive customers are turning into social networks, blogs and other channels to demand for objective advice about the behaviour, the products or just to identify brands that seem to care about them and their ecosystems (social, environmental...).

Consumer-driven strategies are increasingly important as customers seize control of the process. Companies need to become a customer-engagement platform, responsible for establishing priorities and stimulating dialogue throughout the enterprise as it seeks to design, build, operate and renew customer engagement approaches.

This is the era of the ethical consumer. The customer who wants to know to what extent a business is contributing to the community and to common value creation.

The change in Reputation Management

We too have entered a new era of responsibility outlined by Robert Zoellick in five main pillars(*6): responsible globalization, where the inclusion and sustainability will prevail over the enrichment of a few, the responsible management of the global environment, the financial responsibility at both personal and systemic level, the era of responsible multilateralism where countries and institutions look for actual solutions to complex and inter-connected problems, and, finally, the era of responsible actors, in which participation in the global economy entails both responsibilities and benefits.

Corporate reputation is more than ever influenced by the thoughts and conversations of consumers. The dialogue between consumers and businesses can be very beneficial for both and create or strengthen the sense of community. When consumers are treated as citizens, they can help spread the message of the company, help improve services and products, create a brand. The increasing use of networks in the business world is an evidence of the will of the leaders to interact in a more transparent way with its stakeholders through these new technologies.

The new practices and cultural values associated with emerging digital technologies have radically changed the way we organize and develop projects, and the models of production and communication of information and knowledge. As a Company we don't manage anymore the production of knowledge and its communication. We manage contents (digital objects) and communities (relationships, social networks) and we manage in a sense that at the end it is their interaction that produces knowledge and new content.

The change in Communication

The diversification of brand communication strategy

We no longer broadcast. The development of web 2.0 has introduced new elements in business communication. Companies not only incorporate these new channels in their communication strategy, but are also forced to engage themselves in the spontaneous conversations that are taking place about their products, services and activities.

The new way to manage this dialogue with the stakeholders is not so much based on giving and receiving information or suggestions, as it is on finding ways of co-creation to launch joint ventures. For example, it could be about how to launch products and services for groups of people at risk of

exclusion (elderly, people with disabilities, immigrants) and do so together with the associations representing these groups. Working this way means to establish 'partnerships' that financially benefit all parties.

Companies must listen constantly to consumers across all touch points, analyze and deduce patterns from their behaviour, and respond quickly to signs of changing needs.

The change in Corporate Social Responsibility

Putting the Responsibility and the Social in CSR

The canonical definition of Corporate Social Responsibility establishes that it focuses on essential behaviours of enterprises and the responsibility for its overall impact on the societies in which they operate. It's fundamentally about aligning an organisation with society and stakeholder expectations. It's well admitted that CSR is not an optional extra or an act of philanthropy. It's not a question of writing a flashy CSR report, printed on recycled paper. It has to be fully integrated in and a fundamental part of the organisational culture. A socially responsible company is one that runs a profitable business, taking into account all the environmental, social and economic-positive and negative generated in society. It's what Michael Porter and Mark Kramer called the CSR "shared value"—benefits for both business and society. Being socially responsible, then, is just about the best form of reputation enhancement and crisis preparedness that an organisation can undertake. The scenario has shifted from opposing business against society to one leveraging their interdependence. The bottom line with respect to CSR is that "few big companies can now afford to ignore it". But how can we succeed in this attempt? How can we surpass the idea of CSR just as an action of marketing of goodness? How can we put the social and the responsibility in the CSR?

Digital Culture, social networking and internet settings can be configured as an excellent tool for disseminating and promoting corporate social responsibility policies of companies, but its use does not assure that a company is socially responsible. The answer has to come via inclusiveness, by involving stakeholders directly from beginning to end in a two way communication strategy and in a holistic CSR policy.

Thanks to this digital culture that reveres transparency and demands accountability, companies today are seen through the critical lens of the Triple Bottom Line: people, planet and profit.

Crowd power may be the most useful tool in order to use digital culture

for the benefit of social responsibility. Crowd power is built on engagement and interactivity. In relation to social responsibility, creating positive change requires the engagement and motivation of people.

Corporate Social Responsibility states that businesses should act as stewards of society, the environment and the economy. The digital culture brings new businesses for companies that give back, while brands behaving badly are penalised in online communities.

Today business leaders are striving for more sustainable and socially responsible companies. Corporate Social Responsibility is an expression of commitment to a corporation with the public good; social networks allow interaction and dialogue with that public. In this sense, digital communities have begun to play an important role in how companies present to the society their CSR policies that tend to be increasingly considered an element of innovation and not just a set of guidelines to avoid problems. According to this ability to provide business communication and commitment to its customers, employees, investors and other stakeholders, digital culture will promote socially responsible behaviour leading to what might be called RSC 2.0 or a p2p CSR. A model of new business with sustainability at its core depends on social development and a bottom up approach to knowledge transfer and horizontal management. This is done through the involvement of the community in community projects and assignment of the commons so that it is not under common jurisdiction but individual responsibility.

Utilising digital culture implies an organisation is applying to CSR strategy definition a two-way symmetrical communication approach because digital culture means, as we have already seen: listening, talking to and trying to understand its stakeholders. It implies to be open to altering its processes, products, services, behaviours and approaches to stakeholder engagement, so it is more in line with stakeholder needs and wants.

The values of digital culture, the technology associated with the web 2.0 and the concept of the crowd as collective intelligence, can help us to talk about a new way of defining CSR strategies. A way in which CSR can be not only a real answer to society needs, but also an efficient platform of open innovation for corporate purposes, thus aligning at the time social and corporate needs and allowing companies to behave in a responsible way. CSR can allow surpass the critics by being transparent, clear, consistent, collaborative and inclusive. It can help companies avoid the temptation of "leopardism". Open, equal and participatory instruments and tools are essential in any communication strategy. Dialogue and cooperation seem to be the best drivers for efficiency and results. They all help to build

a company reputation which has become a critical point on business performance. Digital culture reveals, thus, as an efficient tool for corporations of being earnest. A nice way to do the things right and the right things.

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Notes:

(*1): The Cluetrain Manifiesto <http://www.cluetrain.com/>

(*2): What is web 2.0 <http://oreilly.com/web2/archive/what-is-web-20.html>

(*3): Web Squared: Web 2.0 Five Years On <http://www.web2summit.com/web2009/public/schedule/detail/10194>

(*4): Enterprise 2.0: The Dawn of Emergent Collaboration <http://sloanreview.mit.edu/the-magazine/2006-spring/47306/enterprise-the-dawn-of-emergent-collaboration/>

(*5): We're all marketers now https://www.mckinseyquarterly.com/Marketing/Strategy/Were_all_marketers_now_2834

(*6): RSC 2.0. Una herramienta de competitividad para el futuro http://sociedadinformacion.fundacion.telefonica.com/DYC/SHI/seccion=1188&idioma=es_ES&id=2009100116310284&activo=4.do?elem=8877

Antonio Noguero

A Short Insight on Social Media Capital, CSR and PR in Uncertain Environments

Abstract

Talking about the theory and practice of social capital, the corporate social responsibility, and public relations we find at first sight an interlinked activity with a personality of three-dimensional angles from the point of view of the business disciplines. However, must be noted that some historical aspects are not quite well known, and some of their initial practices should be corrected. By example, from the perspective of the public relations is clear an overindulgence from his original duality: a) Public interest, and, b) "Do it well and let it know". This is the generic principle for to take an account the laudable and humanistic practices in the context of business disciplines.

I. Introduction and literature review

Fukuyama (1999) present his balance for to identified the model on social capital and civil society, in his work at The Institute of Public Policy, and we pointed out some guidelines:

Why Social Capital?

Social capital is important to the efficient functioning of modern economies, and is sine qua non of stable liberal democracy.

The Definition

The definition I will use in this paper is: social capital is an instantiated informal norm that promotes cooperation between two or more individuals.

The Norms

The norms that constitute social capital can range from a norm of reciprocity between two friends, all the way up to complex and elaborately articulated doctrines like Christianity or Confucianism.

From the Group to Society

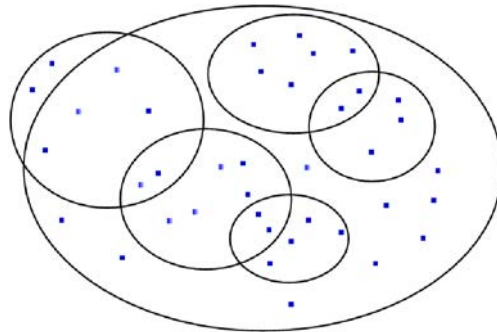
If a group's of social capital produces positive externalities, the radius of trust can be larger than the group itself.

Basic Concepts

- **Positive externalities**
- **Radius of Trust**

One acting image in Fukuyama line or networks of Trust

NETWORKS OF TRUST. Francis Fukuyama, 1999.



Final item

If a group's of social capital produces positive externalities, the radius of trust can be larger than the group itself.

Other approach significant on social capital is matched, in six key notes for Robert O. Putnam (2003).

(Consultant on Social Capital at the White House: *La Vanguardia*, 3/7/2003 p. 76)

Six Keynotes

1. Circle of relationships (“bounding”) which include family members, friends, colleagues and neighbours. In a society can be given to the hike, to the low or stagnant.

2. Cross-cutting relationships (“bridging”), are as established with people who have nothing to do with our daily lives and are of a different social class, race and even neighbourhood.

3. Of the circle of relationships to relations cross is a way to study what should be done to halt the decline of American capital.

4. If you have good relations circle, it is easier **to structure cross-cutting relationships**, which are those that give body and prosperity to a country.

5. The first social blocks are isolated and then face.

6. Low membership in all kinds of social and political organizations are an indication of the deterioration of social capital.

About social balance or social audit give some historical lines Chevalier (1976), Parra Luna (1980). and Matrat (1955).

The insight on Corporate Social Responsibility and market Vogel (2005), with the stakeholders acting in a global environment Werther and Chandler (2005), or the management theory and practice in SCR Morimoto and Hope (2004), and Anderson (1989). The consultancies activities are represented by PriceWaterhouse and Coopers (2002). On the government fields lines Porter & Kramer (2006), on his works in cooperation with the U.S. Agency for International Development. From the point of view of public relations on historic and conceptual background Long (1924), Griswold (1948), Noguero (1995).

II. Historic Background

- **1955:** Lucien Matrat introduced a draft on Social Balance while he was director of PR in the French company Caltex.
- **1973:** In the Harvard Business Review is published an article titled: “*What is Corporate Social Audit*”.
- **1976:** Lucien Matrat published a conference, delivered at the Law Fa-

culty of Bourdeaux, called "Humanisme et Entreprise". (Cahiers du Centre d'Etudes et de Recherches. Paris, N. 2 2-13, 1976).

- **1976:** Alain Chevalier and the doctrinal approach with his book: *Le bilan social de l'entreprise*.

- **1977:** On the premise of the report Sudreau, promotes France the State law of July 12, which makes mandatory the submission of the Social Balance for corporations, which have 750 employees or more, since 1979 and over 300 in 1982.

- **1978:** In the car industry Metalúrgica Santa Ana S. A., published its: Social Report 1978: Elements for a Social Balance.

- **1980:** Parra Luna and the positivist approach with his book: *Balance social y progreso empresarial*.

- **1982:** In the economic news we did read: "The Banco Bilbao presents his Social Balance". (El País: Madrid, 15/12/82).

- **1990-2000:** The main frame tendency is focused on:
 - a) Its internal social plan, and
 - b) Its impact on the external social environment.

- **1993:** In Europe the presidency of European Commission, called to the European companies to participate in the fight against social exclusion with the help of SCR.

- **2000:** At the meeting of the Council of Europe in Lisbon, the political discourse got an enrichment on reference to the general frame work of Corporate Social Responsibility (CSR).

- **2001:** Jacques Delors and his Green Paper entitled: "Promoting a European Framework for corporate Social Responsibility", presented by the European Commission, in July 18th.

- **2002:** On the Corporate Social Responsibility (CSR), is published the: *Code of Governance for Sustainable Enterprise, by the Environment Foundation and the PriceWaterhouse and Coopers*. (See: *La Vanguardia -Dinero-*, 7/4/2002, p. 26).

- **2004:** The endorsement of United Kingdom government is clear on: "The UK government gateway to Corporate Social Responsibility".

- **2006:** With the positive meaning of CSR as value added competitive advantage approaches of M. E. Porter and M. R. Kramer, we can find the: *What is Corporate Social Responsibility? Questions & Answers, of the Catalyst Consortium in partnership with the U.S. Agency for International Development (USA)*.

In the last years, practically, everybody incorporates CSR as a “political” or “goal” tool, as detected on the OECD Guidelines for Multinational Enterprises or EU Business Alliance on CSR.

And by other hand the organized activism in the NGO’s, see the CSR as a:

- a) New line of financing for their projects from the SCR, or
- b) Trying to establish the fact than the plural NGO’s are natural agents for any CSR policy.

III. Methodology and research design

Sampling

Thorough the rosters of subjects promoters of the joint venture for CSR (partners and company news). The basis is the practical application of CSR based in a representative chronology from 1983 to 2006.

The analysis models is based in seven organizations with several values an goals, using the wide range of possibilities included in CSR: Hay Group, AC Nielsen International, Nottihngham Trent University (UK), The Reputation Institute (Charles Fombrun), PriceWaterhouse-Coopers, and Villafañe Asociados.

Statistical Analysis and Tools

The main line is to find the comparative remarks about the models, and the variables/elements for measurement. In that specific case the validation is given by the measuring of “*concepts used*” and “*how many times they appear*”.

Concepts used by the seven organizations and frequency detected:

1. Management of corporate assets
2. Suitable application (good use) of corporate assets

1. Quality management
 2. Management
-
1. Quality products and services
 2. Products and services
-
1. Skill in attracting talent
 2. Skill in attracting talent and their conservation
-
1. Social and environmental responsibility
 2. Social responsibility and environmental matters
-
1. Outlook for global business
-
1. Financial soundness
 2. Financial health
 3. Financial performance (financial engineering)
 4. Economic – Financial results
 5. Finance
-
1. Customer service
 2. Long-term value
-
1. Quality in marketing
-
1. Work environment
-
1. Universality of emotional appeal
-
1. Vision and leadership
 2. Leadership
-
1. Creating value for shareholders
-
1. Creating value for consumers
-
1. Respect overall
-
1. Sector respect
-
1. Corporate Culture and quality of work
-
1. Dimension global and international presence

1. Ethic and CSR

1. Citizenship

1. Job offer

1. Work

| CRONOLOGY | | 1983 | 1993 | 1994 | 1999 | 1999 | 2001 | 2006 |
|---|---------|---|------------------------------------|---|--|---|---------------------------------------|----------------------------|
| Subjects promoters of the joint venture | Partner | Consultancy <i>Hay Group</i> | <i>Acnielsen Intenational</i> | <i>Nottingham Trent University (UK)</i> | Charles Fombrun, who serves as CEO of the Reputation Institute | <i>Price Waterhouse Coopers</i> | Villafañe & Asociados | Corporate Reputation Forum |
| | Company | Fortune | <i>Far Eastern Economic Review</i> | <i>Management Today</i> | The Wall Street Journal | <i>The Financial Times</i> | <i>Cinco Dias</i> Published in Madrid | |
| Created list | | <i>The World's Most Admired Companies</i> | <i>Review 200</i> | <i>Britain's Most Admired Companies</i> | Reputation Quotient | <i>World's Most Respected Companies</i> | <i>Merco</i> | <i>Reprtrak</i> |
| Elements used in the measurement | | View details of the elements used to | | | | | | |

| THE WORLD'S MOST ADMIRABLE COMPANIES | REVIEW 200 | BRITAIN'S MOST ADMIRABLE COMPANIES | REPUTATION QUOTIENT. | WORLD'S MOST RESPECTED COMPANIES | MERCO | REPTRAK | FREQUENCE X/7 | |
|---|------------------------------|---|-----------------------|----------------------------------|--------------------------------|------------------------|---------------|-------------|
| Suitable application (good use) of corporate assets | ∅ | Management of corporate assets | ∅ | ∅ | ∅ | ∅ | 2 | 0.29 |
| Quality management (Management) | ∅ | Quality management (Management) | ∅ | ∅ | ∅ | Direction (Management) | 3 | 0.43 |
| Quality products and services | Quality of product / service | Quality of goods and services | Products and services | ∅ | Quality of product and service | ∅ | 5 | 0.71 |
| Skill in attracting talent | ∅ | Skill in attracting talent and their conservation | ∅ | ∅ | ∅ | ∅ | 2 | 0.29 |
| Innovation | Innovation | The ability to innovate | ∅ | ∅ | Innovation | Innovation | 5 | 0.71 |
| Investment in the long run | ∅ | ∅ | ∅ | ∅ | ∅ | ∅ | 1 | 0.14 |

| THE WORLD'S MOST ADMIRABLE COMPANIES | REVIEW 200 | BRITAIN'S MOST ADMIRABLE COMPANIES | REPUTATION QUOTIENT. | WORLD'S MOST RESPECTED COMPANIES | MERCO | REPTRAK | FREQUENCY X/7 | |
|---|-------------------------------|------------------------------------|---|--|----------------------------|---------|---------------|-------------|
| Social and environmental responsibility | ∅ | ∅ | Social responsibility and environmental matters | ∅ | ∅ | ∅ | 2 | 0.29 |
| ∅ | ∅ | ∅ | ∅ | Efficient use of environmental resources | ∅ | ∅ | 1 | 0.14 |
| Outlook for global business | ∅ | ∅ | ∅ | ∅ | ∅ | ∅ | 1 | 0.14 |
| Financial soundness | Financial health | Financial soundness | Financial Performance (financial engineering) | ∅ | Economic Financial results | Finance | 6 | 0.86 |
| ∅ | Customer service | ∅ | ∅ | ∅ | ∅ | ∅ | 1 | 0.14 |
| ∅ | Value of long-term investment | Long-term Value | ∅ | ∅ | ∅ | ∅ | 2 | 0.29 |

| THE WORLD'S MOST ADMIRABLE COMPANIES | REVIEW 200 | BRITAIN'S MOST ADMIRABLE COMPANIES | REPUTATION QUOTIENT. | WORLD'S MOST RESPECTED COMPANIES | MERCO | REPTRAK | FREQUENCY X/7 | |
|--------------------------------------|------------|--|----------------------------------|----------------------------------|-------|------------|---------------|-------------|
| ∅ | ∅ | Quality in Marketing (commercialization) | ∅ | ∅ | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | Work environment | ∅ | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | Universality of emotional appeal | ∅ | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | Vision and leadership | ∅ | ∅ | Leadership | 2 | 0.28 |
| ∅ | ∅ | ∅ | ∅ | Creating value for shareholders | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | Creating value for customers | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | Respect overall | ∅ | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | Sectorial respect | ∅ | ∅ | 1 | 0.14 |

| THE WORLD'S MOST ADMIRABLE COMPANIES | REVIEW 200 | BRITAIN'S MOST ADMIRABLE COMPANIES | REPUTATION QUOTIENT. | WORLD'S MOST RESPECTED COMPANIES | MERCO | REPTRAK | FREQUENCY X/7 | |
|--------------------------------------|------------|------------------------------------|----------------------|----------------------------------|---|-------------|---------------|-------------|
| ∅ | ∅ | ∅ | ∅ | ∅ | Corporate Culture and quality of work | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | ∅ | Global dimension and international presence | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | ∅ | Ethic and RSC | ∅ | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | ∅ | ∅ | Citizenship | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | ∅ | ∅ | Offer | 1 | 0.14 |
| ∅ | ∅ | ∅ | ∅ | ∅ | ∅ | Work | 1 | 0.14 |

IV. Conclusion.

There is no a real standard in the management concepts, elements or “variables”, with a greater or lesser rate of interest or concern in the international and axial phenomenon of the CSR.

But the tendencies are placed in concepts of international concern and use at the agenda setting process, by example:

- a) Environmental aspects:** pollution (NIMBY & Wide Way).
- c) Global warming of the planet** (Kyoto Agreement).
- d) Cheap labour and exploitation of children by cultural and political dynamics ambiguous** (Risk workforce).
- e) Management conflicting** (Risk & crisis management).
- f) Sustainability** (Corporate sustainability).

The final conclusion of this investigation is synthesized in the singular fact that all such studies, whatever its name and uses-as described in the preceding pages, which have been fine-tuned some constants of easy characterization.

We could also define the findings, in turn, two historical stages:

A) From year 1983 to 2000: Is detected its gravitational center, in other words in the last decade of the twentieth century.

B) From 2000 onwards will be producing replicates of the models, but in different geographic areas is added a new element or concept, considered as key element: is innovation.

On the other hand, the "communication factor", it shows as excessive. And from the perspective of public relations, has not yet passed the axiom of the decade, between 40's and 50's, of the last century: 90% is doing well (do it well), and 10% do it know (let it know).

Likewise, the variables managed not allow a specific formulation, because of the activity of the CSR, is a randomness in the factors affecting plural.

Also, be taken with respect to the subject executing a nuance of prevention, at the insistence of many NGO's, in exercising a dominant role in the matter. One factor has already been identified, broadly as "CSR Market-Place." Usually, corporate strategy should be an activity of the dominant coalition (CEO's) as sensitive as indispensable by the organizations, especially its public relations specialists. Both in terms, they are operating from a strategic and operational structure in an appropriate organizational context.

And an ending point, if you like in the historic field, the first PR definition, developed for Long in 1924, says quite clear than: public interest is at the core of PR. But is not possible to make a validation or deep approach to social capital without take in account the public interest. By the way, the definition we did talk says : " Public Relations is the process of finding out, and of making known, the factors in an enterprise which are of public interest".

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María Jesús Pérez



**Education:
An Essential Element of CSR**

Presentation

I represent ADAMS Study Centre; a group of eight small and medium Spanish businesses dedicated to training for employment for more than 54 years. The group's objective is to train people to acquire better skills to be able to find employment, to maintain it and to improve employment opportunities.

This work raises awareness about the value of training for people and the benefits in all areas of their personal, family and social lives. The country also benefits from a better educated and trained society. This affirmation is clear and extensively used by governments, to the extents of their possibilities, to fulfil the most ambitious objectives possible in this sense. At least this is how it is in theory.

The ADAMS Study Centre CSR policy has always focused on social action in education for two reasons that seem important:

- Because it is what we do best, and
- Because education and training are essential for making positive changes in people and in their family, economic and social environments.

From the organisation's modest contribution, it focuses on social action with activities in several programmes that benefit impoverished groups. In Spain, the organisation also has:

- **Free study programmes for abused women.** These programmes are undertaken in collaboration with the Valencian regional government and specifically with 24 hour service centres. With this contribution, the organisation hopes that the women beneficiaries with these scholarships can

study or complete professional studies that will enable them to achieve a higher professional level in order to obtain work and the financial independence that will provide them with greater freedom and a better life, so that they can be independent from abusive partners. Up until this time, the organisation has collaborated on 80 scholarships.

This is a pilot project that is being evaluated in order to be able to export the collaboration to other regional communities.

- **Scholarship programme for students with serious financial and family difficulties.** This programme commenced in the 2009-2010 course year in a financial crisis situation that was becoming increasingly more evident.

There are 120 annual scholarships for people with financial and family difficulties. A total annual offering is made with a completely objective selection process among students who apply.

A total of 240 people have benefitted from the scholarships up until this time. An estimation of the financial value of these scholarships is €140,000 in the two years it has been in operation.

- **Integration programme with scholarships for Romani women** to study for examinations and attain positions in public administration. This programme has been in progress for several months. A complete evaluation has not yet been made because it is not yet concluded. The programme has been undertaken in collaboration with the Barró Association, which works with Romani young people and women in Madrid.

- **Scholarship programme for outstanding students** with good academic records. There are 170 annual scholarships for young people with good academic records that award excellence, the value of effort and students' work in their careers. The project has been in progress for four months.

Outside of Spain, several programmes have been undertaken for **social action in Burkina Faso**. Since 2006, ADAMS has worked on several projects in this African country.

Burkina Faso is a country with an adult literacy rate of just 28.7% and with one of the highest poverty indices in the world. This is a country where 60% of the population live on less than €1 per day.

ADAMS collaboration in Burkina Faso is undertaken through the Spanish NGO Intervida, and is focused on children and youth in mainly educational and training aspects. The organisation is also highly conscious of favouring women in an equal percentage in all programmes implemented in this country.

Over these years, ADAMS has allocated resources for the construction of six rural schools. The organisation procures the resources required to build these schools to which young people of a school age from the northern region of the country attend. It also provides the resources required for a minimum and adequate operation (basic libraries, teachers' house, desks, dictionaries and materials for teachers, some electricity, assistance for part of the dietary requirements for the children who attend the school, etc.).

Wherever possible, ADAMS builds wells for schools where none exist nearby and also considers collaborations with local villages to improve land cultivation.

However, the organisation's main activity involves directing its limited resources into projects that improve education and training for young people. All this is undertaken in collaboration with the NGO Intervida and with Burkina Faso educational authorities, since the schools and other facilities are eventually managed in the country's own educational system.

One very special project to ADAMS is the computer school it has maintained since February 2008. The school is in Ouahigouya, the country's fourth largest city. Every year, ADAMS has helped an average of 800 students in the northern region to take a computer course in these classrooms.

This labour is undertaken with the help of Spanish NGO Intervida.

For projects in Burkina Faso, 4% of the companies' profits are allocated. Contributions are added to this that are obtained through raffles, a Christmas lottery, benevolent collaborations from supplier companies and friends. This is achieved thanks to a large number of volunteers from the company who dedicate time and effort to this collaboration and to the different campaigns undertaken.

In short, this is possible due to the dedication of many people willing to contribute to these support plans for adults and children in the northern region of Burkina Faso.

The organisation's banner in these types of solidarity activities and that

which is recorded in its Social Responsibility as a company, is summarised in a highly astute phrase, in my mind, which reflects the spirit and intention of our work: **WE LEARN BY TEACHING. WE LEARN BY HELPING.**

This is so appropriate because our experience in this field has taught us a great deal.

"EDUCATION IS THE MOST POWERFUL WEAPON WHICH YOU CAN USE TO CHANGE THE WORLD" is what Mandela says and which he champions with no doubt.

It is known that people have immense potential for learning throughout their lives.

To learn is to educate yourself and to know more. Education achieves a greater understanding of life and helps to overcome the difficulties that arise. It is the power of personal, family, economic and social prosperity. It is without a doubt a power to better understand.

Informing and training on the values defended by and practised by Corporate Social Responsibility requires more commitment from workers, executives and business owners where there is a need for the world to be guided by more ethical and fairer principles for everyone.

I would like to impart some highly appropriate reflections from Albert Einstein: *"Let's not pretend that things will change if we keep doing the same things. A crisis can be a real blessing to any person, to any nation. For all crises bring progress. Creativity is born from anguish, just like the day is born from the dark night. It is in crisis that inventive is born, as well as discoveries, and big strategies. Who overcomes crisis, overcomes himself, without being overcome."*

I believe that in these times, we know the crisis has come about to a large extent due to the lack of ethical principles in the people who have managed the economy.

It is a real shame that universities and business schools have not intoned a clear critique admitting they have neglected and forgotten ethical training for students. It is essential that there is a profound reflection and change of direction in this sense, including social and ethical responsibility programmes in students' careers, studies and courses. There should be training, debate on the topic and a commitment. If doctors have a Hippocratic Oath, economists, entrepreneurs and people dedicated to the economy should

also have one.

I do not wish to sound naive; however, if something were to be done in this sense, I am certain the effects and the dimension of the present economic crisis would not have had such serious consequences.

Because sometimes one comes across people and companies who are SO, SO VERY POOR that **the only** thing they ever want to do is to make money.

In my opinion, business success must be vetoed to those companies and entrepreneurs who are **only** interested in making money. Who only take from the economy, their workers, suppliers and customers. Who sacrifice all else for the objective to obtain the greatest amount of MONEY for themselves.

It would be interesting to commence a new stage for the companies and entrepreneurs who would be obliged to view the future under the premise: EVERYONE WINS. As Einstein said, something different needs to be done in order for things to change.

The implementation of a Corporate Social Responsibility policy in every company would contribute to a better society and attract the best professionals and the youngest talent and in general would differentiate the companies set in their old ways.

Talking about and communicating what is undertaken in companies in this sense is also a way for Social Responsibility values to be present in the economy, in companies, in government administrations, in the lives of workers, in citizens and in social debate.

To explain that SR is an essential task so they are aware of the benefits of having socially responsible companies and thus attracting the younger generation into the business world.

They say that to come out of the crisis, self-employment needs to grow, with more entrepreneurs and with more business owners. I propose that business owners are trained and educated in these values. That they can know that being a business owner means:

- That ideas and activities can be developed in companies that are socially beneficial and useful. That which is coarsely referred to as wealth creation, but sharing it (not only for the business owner).
- That equality and promotion among the people working for us is gua-

ranteed.

- That we are socially aware and care about the world we live in.
- That we are creative.
- That leadership is based on enthusiasm and respect for the ideas launched and on generosity with the people who implement them.
- That there is a belief in what is done and in doing it well.
- That we are respected people because our word can be taken and appreciated by collaborators, suppliers and customers.
- That we share what we are so fortunate to have with disadvantaged people and groups.
- That value is measured by deeds.

To train and educate to encourage and convince many people who see that business labour is something more than an opportunity to make money, although of course money can be made. To ensure they understand that risk and work create wealth, stability, belief, success and a long future, etc.

In summary, to insist that SR education and training is essential to understand and implement a better system for companies, which helps to achieve a more stable and sustainable economy and a better world. To achieve this, it is also essential that business owners and future entrepreneurs and business owners are trained in social responsibility in order to perform better and more successfully.

With all this, I am certain **EVERYONE WILL WIN.**

María Jesús Pérez
Spain. Entrepreneur of the Year in 2009
CEO of Adams, an education company
awarded for its social responsibility

Beatriz Prieto



But Who Watches the NGOs

For many years, while the company was in the spotlight on the companies, nobody took control the activity of NGOs themselves.

For these cases applied the presumption of innocence. Born faithful to a commitment to society. Thus, their values, the very essence of their activity, slowed a few skeptics that matters.

Little or no talk then of good governance, transparency, trustees or responsible for the environmental impact of their activities, increasing by increasing funding towards their projects had on the environment.

The NGOs had only to prove that the funds had been allocated for activities described in its mission to ensure their good work. But over time, motivated in part by academic research carried out in relation to the effectiveness of the Third Sector and the emergence of organizations that are doing consulting in the field, this has been changing. Until the last few years, the work of these organizations began to be also in the crosshairs of an increasingly more critical and informed.

Start required these organizations to conduct a public rendering of accounts, submit to audits and explain to the donor, the government or companies that give them the funds, how they have invested capital. But not only that, but until recently it was enough to justify the economic investment in the cause, which for many NGOs is still only criterion of success, is now beginning to be requested to NGOs to measure the change generated by its actions, social change. All organizations should evaluate their results in terms of effectiveness. Asking questions like how cash was our action in relation to others?, Unwanted effects occurred, how many of the results are directly attributable to our actions?. However, the complexity of determining rigorously the results of their actions and the economic cost of doing so are the main obstacles to further evaluation.

The NGOs thus become an actor in the system, but not only for good (the other players require responsible behavior), but also for the bad (they are required to conduct themselves responsibly). Now that vigilant ONG'sa moves from the business and vice versa. No company wants to be linked to an organization that does not act responsibly and show it as well as its reputation could be affected. Start by laying the ground that NGOs are also accountable to organizations responsible for checking their behavior. NGOs happen to be vigilant to be monitored.

This critical that these organizations do have to go beyond defining its mission, directing its activities towards it and be consistent with their values. Donors are no longer enough and the companies either.

What happens inside the NGOs?

Ironically, being in many cases these organizations that have led or promoted public awareness practices against some officers of the companies, have not been implemented in most of these CSR policies.

Who controls the NGO providers?, Who measures the environmental impact of their activities? Do you have plans for training of employees? ¿Retention of talent? Do they bet on the implementation of policies of reconciliation and equality for its workforce?

What knife blacksmith house stick?

While it is true that as social actors, NGOs have taken their share of responsibility in building a responsible society and the main reason for being has been and is the group or cause they support. It might seem that if their values are the very cause of their creation, are responsible organizations per se.

Or maybe not...

For several years, as consolidated CSR policies in companies, managers of some NGOs began to ask some questions:

Is it enough to act positively in the group that we support to be responsible?

Can we be demanding more than being consistent with our mission, vision and values as an organization?

How can we apply CSR in our organizations?

Should we divert resources to that end?

Think we've reached some conclusions. Belonging to the Third Sector, a nonprofit, or having a mission related to a cause or promote particular values does not make these organizations responsible organizations.

Then why when the CSR in NGOs?

The truth is that if you look closely at these organizations do exist, we can see that CSR policies more or less implemented in most of them, but are applied based on the voluntariness of the address, so disjointed, not put in value and in most cases, do not know what it is not based on what criteria. When asked what kind of actions your organization has implemented CSR, probably a vast majority of workers answer "no". Not true, almost all have adaptations day, invest in training courses for their employees or have developed energy-saving measures but not conforming to the GRI. They are on the road but does not include these measures under a single umbrella of CSR and make a deal with measuring the impact of these policies.

Who offers more? Which way will the NGOs. The competitive advantage in the third sector We live in a society that we face growing challenges. For the NGOs, taking into account the context of international financial crisis, fundraising has become a matter of highest priority. If no funds, no cause they support.

Operating in the area of NGOs is given, as in others, increasing competition. These organizations are now competing for resources with hundreds of associations that did not exist just a couple of decades. If donor twenty years ago had only a few organizations that offer work today is huge. This forces organizations to differentiate themselves more.

In turn, the crisis has directly impacted on business and therefore on the funds invested in these CSR policies related to social action. Because of this drastic reduction in funding, there is more competition to raise funds. A NGO's and not enough to do well, but have to be the best. They have to have a competitive advantage over the rest to raise funds.

In this sense, the organization implements a policy of RS can be an opportunity to improve that competitiveness. If the companies control practices performed by its suppliers, etc does not it seem logical that also control the practices of ONG'sa they support? Because what if a company funds an NGO programs that exploit their workers, or that their activities would harm the environment?

The challenge is to incorporate the RS to the management model of these organizations is not an exercise in consistency of responsible management, guided by values and focused on the impacts of their actions in different areas.

However, as deduced from the findings of the CSR II Dircom Forum held this year involving a large number of organizations, to implement a sustainability strategy will be the less complicated in the Third Sector because it would require a management more professional, strategic plans similar to the business world, and this is not always the case. Another essential factor in the implementation of CSR is the conviction of the senior management of nonprofits, something that is not common among these organizations. It is common for NGOs to neglect aspects of CSR and especially as it relates to employees.

There is usually good policy of conciliation and motivation derived from the assumption of the cause defended intimate, but instead are neglected career plans and this produces excessive turnover. Increasingly, business executives working in Third Sector but this does not occur in reverse because headhunters and human resource managers understand that professionals come from the NGOs do not know how to work under pressure, do not mind business, and will not fit in a competitive environment. One tends to think wrongly they are professional civil service mediocre mentality.

Nothing is further from reality, these professionals are very proactive, with great initiative, used to working in complex environments, to develop new approaches to prioritize based on objectives, to work in teams with high workload, to promote motivation among their employees ...

This undeserved reputation coupled with lower wages than the private sector makes relatively few professionals willing to work in the Third Sector, which in turn affects less professionalism to the entities.

Today almost all have an executive team consisting professional and competent at the highest level. But the first step is to recognize its diversity is not the same as talking about an organization formed exclusively by volunteers with limited resources to speak of a highly professional organization that has a good budget.

NGOs have undergone enormous changes in recent years, one of the most important has been to be recognized as agents of change, capable of causing social reforms and to influence public affairs. Organizations have professionalized and their structures have become much more complex. In

this sense, companies have been copied, the way they do, without losing sight of its DNA, its values. Have thus gained in efficiency and are more competitive than just two decades ago, when most of them fed on volunteers and the good intentions of citizens committed to a cause.

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Carlos Sánchez Olea



How CSR Unlocks a Company's Value

The First European Congress on Corporate Social Responsibility (CSR) Communication will take place on 6 and 7 October. Although social and environmental behaviours have been widely discussed during the last decade in countless courses, seminars and conferences, their incorporation into personal, social and corporate life has left much to be desired, if judged by the causes of the current crisis:

- Irresponsibility
- Unlawful gains
- Deception
- And illegal conduct

In 2012, 40 years will have elapsed since Paul A. Samuelson wrote (in *Economics from the Heart. The Businessman's Shrinking Prerogatives*): *"It is obvious that in the years ahead, the so-called private corporation will find itself increasingly subjected to external constraints never dreamed at the Harvard Business School. The company chairman will find that he cannot implement policies that cause atmospheric pollution, and that hundreds of traditional methods of corporate decision-making are no longer within his reach. Society will expand business' responsibilities and take increasing part in deciding how they are to be met... New, more stringent social responsibility demands are being imposed on companies."*

Things appear to have changed little, if judged by the behaviour of companies and by a method of management that is anchored in the model devised by Milton Friedman, who advocated that a company's mere responsibilities were making a profit and abiding by the law.

Today, responsibility perambulates around business organizations like a tailored wrapper for whoever pays for the commission to obtain a reputable image. This is a consequence of the so-called "*management of intangibles*", which, as the term implies, are objects difficult to materialize; in other words, it is hard to know what tangible value they contribute to the company and what consequences they have on its management: at operating, commercial and emotional level. It is not assimilated that, in the current context created by the Internet and social networks, knowledge is simultaneous and shared, products and services comparable and the only sustainable differences that create value are those triggered by conduct. The value of a commercial proposal unleashes a set of feelings, which depend not only on the developer's intention, but also on the existing references in the market as alternatives to take into account. Accordingly, relationship management is necessary to find a unique positioning to enable the potential client to identify with the company through the emotions it conveys.

The incorporation of emotion is the most relevant aspect in the purchaser's decision and it transforms the way the company is managed. The issue is no longer how to sell the best product or service at the best price, but how to characterize the company emotionally in order to influence the choice. At present, for a company to be competitive it must implement patterns of conduct to trigger purchases and avoid rejection. And for this purpose, the organization's procedures, behaviours and competencies must be fully aligned.

To unlock the value of a company it is necessary to previously know its meaning and scope for each stakeholder according to their different standpoints. Consequently, if the concept of value can be interpreted variously according to the interlocutor, it is impossible to manage one of the company's core attributes, its eligibility, without a management method. An initial question is what the elements that determine value are and how they are inter-linked so as to be managed efficiently and coherently. Value, for the purposes of its consideration at corporate level, has four different aspects: intended, perceived, attributed and recognized. Each of these dimensions responds to a different service requirement and a different sequence of action. Consequently, the value intended by a company should not be shaped solely by the organization without taking into account information regarding the value recognized by the various stakeholders. Indeed, for the effectiveness of the company's intention, this must research the content and quantity contributed by the commercial, emotional and operational aspects to the recognition of the value of the proposal, and it must use this information to adapt its intention. Perceived value must take into account the comparison which inevitably plays a part in respect

of its amount, and attributed value must consider the importance of the proposal for each target in line with the alternatives existing in the market. And, only then, once the value and its dimensions have been defined, we can unlock a company's value and ascertain the impact it has on its management.

Unlocking a company's value depends on its strategic objectives: to sell, to be eligible to buy or to persuade; and they are respectively managed via: competitive capacity (a company's ability to sell, based on the specifics of its business, differentiation from competitors, functional coherence and competencies of the organizations); emotional positioning (emotional location occupied by a company to characterize it publicly among its stakeholders); and eligibility (a company's capacity to be chosen based on the value it conveys, the interest it arouses and the emotions it triggers).

This global approach of unlocking a company's value has consequences on the way it is managed which affect: the way it competes, its commitment to CSR, the elements that intervene in its management, including emotions, the stakeholders taken into account, the risks it processes and the public action to persuade, based on expectations, perception, reputation and public positioning.

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Celma Selemane



Corporate Social Responsibility as the Axis of a Communicational Strategy in Public Relations: The Case of the Portuguese Association for the Right to Credit (National Association for the Right to Credit)

This paper addresses the concept of social responsibility (SR), associated with the acknowledgement that strategic decisions of organizations must incorporate the interests of different publics, thus justifying that management of this area in organizations should be done through public relations (*Grunig and Hunt, 1984; Verčič e Grunig, 2000; Cutlip et al., 2006, Tench and Yeomans, 2009*).

Public relations and the skills associated with the professionals of the area are strongly linked to corporate social responsibility (CSR), as they are understood as a bidirectional communication involving the public interest(*1), whose added value for the organization lies in the perennity and synergy of the relationship that the same organization maintains with its publics linked to ethical principles (*Grunig e Hunt, 1984; Verčič e Grunig, 2000; Cutlip et al., 2006*).

Strategically, the literature of the area shows the public relations in management and communication of Social responsibility (SR), supported by the perspective of compatibility between these two areas. More precisely, public relations have the knowledge to manage, create mutual understanding, acceptance and cooperation between the organization and its public, and it is on this way that organizations should conduct their SR actions, taking care of their stakeholders expectations.

It is in this broader context that communication at the service of the strategic needs and the objectives of the organizations should be seen as integrated. That is, the success of the communicative action in the organizations results from the combination of the various forms it can take, from the different professionals involved therein, from its planning and appropriate use of tools at its disposal.

The aim of this study is to show the applicability of the conceptual fra-

network developed in the first part of the research process, presenting itself as a support for the development of an integrated communication strategy, thus seeking to provide a valid and original contribution to the disclosure of the (Portuguese) National Association for the Right to Credit (ANDC), adopted as a case study.

The work process and planning in public relations, obviously implying the level of SR policies planning involves several phases, among them the strategic planning. This begins with a situational analysis, i.e., the identification of motivations, attitudes, opinions, beliefs and behaviours of the organization's target publics.

Given the objective of this study – to examine the contribution of public relations to the dynamization of CSR practices, with particular emphasis on the management of the information between the organization and its public we considered as relevant to inquire the microcredit beneficiaries in order to proceed with the first phase of the strategic planning – situational analysis (*Grunig and Hunt, 1984; Macnamara, 2006; L'Etang, 2008*).

The microcredit network in Portugal enhances the idea that microcredit favours social inclusion, since, within certain limits, it potentiates the equality in credit access to disadvantaged social groups (*Yunus, 1997; 2008*). According to the model proposed by Yunus (1997), the main aspects that characterize microcredit enable to identify the effects of this instrument associated with practices that fall within the CSR. This way it is possible to support that this financial instrument is one way of achieving the Millennium Development Goals (MDGs). In seeking to create access to the financial conditions necessary to develop individual skills for the establishment of small businesses, there is a real opportunity to pull people out of the poverty level towards levels of self-support – 1st MDG: fighting poverty.

Methodologically, and following the literature review, exploratory interviews were carried out to different practitioners in charge of the CSR/sustainability and communication areas. The conclusions of those interviews served as the basis for the development of the survey, through a questionnaire, addressed to microentrepreneurs in order to assess their sensitivity regarding the variables that contribute to the efficiency of the ANDC communication.

Given the problems outlined, the questions asked in the first part of the questionnaire are aimed to understand what media are the privileged ones for the disclosure of microcredit. The second part of the questionnaire is supported by an appendix consisting of seven sheets that correspond to the ads that illustrate a communication campaign on the press. We con-

sidered that the types of ads that are the most appropriate are the ones that: (i) allow the identification of possible candidates with the characters of the ads, (ii) contain references alluding to the experience of microentrepreneurs (testimonies) and (iii) information on microcredit (target public and amounts allocated).

The set of questions, supported by these ads, intends to measure the elements that distinguish ANDC microcredit from other alternative.

The sample is characterized as non-probabilistic, selected for convenience. Since this type of sample is not representative of the population, we considered as criteria for inclusion in the sample all individuals who voluntarily wanted to participate. Although participation was voluntary, the groups that integrate the sample belong to a location per region(*2). We also considered appropriate that the sample was characterized by individuals in active employment, whose first year of contact with the ANDC had taken place between 2004 and 2010, thus depicting half of the existence period of the microcredit in Portugal. Based on the record of the projects approved by the ANDC, per region and for the 2004-2010 period, the number of subjects surveyed in the sample represents approximately 6.8% of the total projects approved, assuming a completely random sampling.

The results obtained indicate high levels of agreement regarding the elements that show the conditions of the loan, rather than imagnetic elements. Keywords: public relations, corporate social responsibility, microcredit.

1. Social responsibility as the axis of a communication strategy in public relations

This paper aims to highlight the decision organizations make when they accept CSR as a strategic option enrolled in public relations (*L'Etang, 1996; Wilcox et al., 2001; Daugherty, 2001; Waddock, 2004; Pratt, 2006; Carvalho, 2007*).

Given the various definitions which have been associated with public relations over time, the concept of SR is considered to be intrinsic to that field from the very beginning. Examples of this are Bernay's definition (*quoting Grunig and Hunt, 1984: 47*) that "*Public relations is the practice of social responsibility*" or the reason given by Cutlip et al. (2006: 119) when pointing out that "*public relations should be practiced with a commitment to social and ethical responsibility*", thus justifying the adjectives that describe the profession as "*intrinsically good*".

Cutlip, Center and Broom understand public relations as a "*management*

function that identifies, establishes and maintains mutually beneficial relations between an organization and its varied publics that consequently determine its success or failure" (Cutlip, 2006: 1). This idea became the referential description of what public relations is intended to be when exercised at its highest standard. It could be said that it is on the "building of relationships" (Hutton, 1999) or the "mutual benefits of relationships" (Heath, 2001: 3) that the analytical perspective of the study of public relations is focused.

On the other hand, the question of "public interest" and more recently the need to consolidate the "relationships with the public" are considered to stress the ethical character of this discipline. Based on this assumption, public relations can be seen as a constructor of reality in that its professionals, aware of how they should intervene in society, develop their activity with greater responsibility. So it is understood that both at a strategic level and at an operational level, public relations should contribute to the social, economic and environmental well-being. The same idea is found in the concepts of symmetry and mutuality inherent to the definition(*3) by Ruler and Verčič (2002) in which the emphasis is placed on the relational nature of the profession, in the establishment of a platform for mutual understanding. It is in this sense that strategically, in the organizational context, SR is projected from public relations.

As part of the strategic thinking, considered in its more global perspective, organizational strategy includes a "set of skills that allows the creation of conditions for companies to live and survive as sustainably as possible in competitive and hostile environments" (Carvalho and Filipe 2010: 18). In the scope of this research, the contribution of systems theory, the influence of sociology and the school of design are considered as relevant sources to the definition of strategy.

The view of organizations as open systems has become fundamental to the development of public relations. Assuming this perspective, the organization consists of a set of elements (people, activities, groups, environment, etc.) structured and coordinated with the aim to achieve a given purpose. The fact that the systemic approach is focused on the interdependence and interactions of its elements significantly alters the context and purpose of the communicative action. Grunig and Hunt (1984: 8) mention the formalization of business communication within organizations, from which the activities undertaken by professionals in this field expand in the specific case of public relations, as the main consequence of the systemic approach. It is for this purpose that the bidirectional communication model considered as a facilitator in the adaptation of an organization to its surroundings and vice versa is advocated. The impact of the systemic approach

ach on public relations is governed by previously outlined objectives, and its reach is aided by the notion that the success of organizations depends on an integrated approach. In this approach, the notion of totality is more than the global form, representing the existence of characteristics that the parts do not have. The sociological perspective focuses on the collective understanding and interpretation of the behaviour of the various players that comprise the “*public sphere from which the business environment, internal and external, does not escape and that condition the various actions*” (Carvalho and Filipe, 2010: 29). In this respect, Wood and Logsdon (2007) note that the organizations have a set of expectations associated with their status. From the sociological point of view, the adoption of an organizational strategy should give the organization a position in the social system equivalent to the status assigned to citizenship in the case of SR. The sociological view is based on the assumption that “*what really matters is not the organization itself, but its place in the social structure*” (Gonçalves, 2010: 70-71) where public relations are interpreted based on its contribution to social construction. The school of design understands strategy as an analytical and intuitive process of adaptation and relies on the knowledge generated by the analysis of opportunities and threats of the surroundings and the internal strengths and weaknesses. Carvalho and Filipe (2010: 41-43) also state that this school advocates the ethical and social nature of the strategy as an aspect to be considered.

At an operational level, such as the development of a campaign, public relations use planning to achieve a particular goal in a systematic and more efficient way, (Tench and Yeomans, 2009: 247). Regarding its role in organizations, we emphasize the need for professionals to act so as to “*trigger public acceptance*”, since “*they are judged by their impact on society*” (Cutlip et al. 2006: 124). The question that arises at the level of SR is related to two aspects of analysis that determine the organization’s trend in terms of communication strategy. Usually the benefits associated with reputation are based on the idea that SR creates a competitive edge (Tench and Yeomans, 2009: 103). The logic to achieve a sustainable development is inherent to the notion that organizations have defined responsibilities to their stakeholders and, in a broader sense, to society. Each of these perspectives is the starting point for developing a communication strategy. The participation of organizations in the international market and cooperation networks, the pressure created by the regulatory bodies, NGOs, customers, suppliers, public authorities, competitors, investors and society in general, are examples of inputs that contribute the most to the organizations’ responsible actions. Thus, it is considered that strategically “*decisions result from the continuous negotiation between social players, partners in the same game, instead of being owned by any individual or group*” (Defarge, 2003 in Rodrigues, 2009: 79).

The results of the Barometer for CSR and Quality (2008) coincide with the research carried out at the international level, which confirms the positive results in terms of credibility, customers perception, investors and the organization's reputation, associated with SR (Pfau et al. 2008: 146), reflecting the strategic options that involve the area. However, this exacerbated enthusiasm regarding the effects mentioned has not been followed up by effective SR practices so that these incorporate the identity of the organization.

According to Fisher and Lovell (2009: 296-297), the argument that drives organizations to act in a socially responsible way, according to the most recent views perceiving the organization as a citizen, reflects the desire to bind organizations both formally and eventually legally to responsibilities conferred by their status. From a strategic point of view, to be described as a citizen is not enough; the same authors consider that this noun needs an adjective like "good" or "moral", so that its influence on society can be positive. Wood and Logsdon (2007) clarify several aspects that have caused some confusion in the way this issue has been addressed by the academy. These authors begin by clarifying that the concepts of citizenship (organizational) and SR are part of a single debate and not two; the concept of citizenship as a legal status is different from the concept of citizenship as a desirable activity; the minimum requirements to be called citizen are quite different from those expected to be called "good citizen" (Wood and Logsdon, 2001 in Fisher and Lovell, 2009: 297).

The organizations that follow the minimalist tradition, even though promoting philanthropic actions and developing good neighbour practices, cannot be considered citizens, because their existence is neither real nor independent, but they are rather an extension of a contractual relationship. Only those organizations that rely on the universal tradition and are based on human rights can be thought of as citizens of the world. Their participation in local and global affairs is based on community logic, they focus on the limits and they share a common identity and common duties (Wood and Logsdon, 2007). It is in this sense, of "organizational citizens", that SR assumes itself as a strategic area of public relations that voluntarily gives back to local communities or to society SR practices consistent with their status. A significant part of the professionals in this field work to give the organization a human face (L'Etang, 2008: 190).

Still in this context, Américo Ramalho (1989) presents the ideas of "citizenship policy" and "neighbour policy" referring to the first as an approach in the broader sense in which organizations seek social acceptance; regarding to the second one, the author says that this policy aims to bring the organizations closer to the social sphere in geographic and cultural terms

and in terms of shared values. This proximity results in a zone of public influence, a space where organizations exercise their power of influence in the construction of a reality.

In contrast and as a warning, in the book *No Logo* (1999), Naomi Klein describes the power achieved by the brands, relating it to the growing anti-corporate movement that we have been witnessing. According to this author, this book is based on a simple hypothesis: "as more and more people discover the secrets of the brands, their outrage will fuel the next political movement, that is, a vast wave of opposition towards transnational companies, and especially against the most recognized brands in global terms" (Klein, 1999: 18).

In recent years, the most powerful and profitable multinational brands in the world have been forced to continuously increase the pressure on public relations. If the public is there, the pressure may be even greater, shifting these issues beyond the business control and imposing them on the public knowledge (Klein, 1999: 375).

In the current context of globalization, the growing interest that organizations have shown with respect to SR is essentially due to two reasons: (i) reputational opportunities and (ii) the pressure made by society on issues that value the idea that organizations should seek sustainable development by adopting ethical behaviours.

In both cases, it is considered that SR takes on a strategic position in organizations.

2. Human Rights and the Millennium Development Goals: micro-credit as a SR action

Microcredit is the provision of a financial service – credit – to the most needy and poor individuals in a society that for these reasons have no access to credit according to conventional parameters (Yunus, 1997, 2008). Under normal circumstances, the access to credit is conditioned by the imposition of guarantees constituting a decisive factor in accessing to funding. The financial agents and banks demand a guarantee, either personal, normally referred to as guarantor, or real, embodied in possessions of economic value that are transferred to the bank in case of default. Although there is no agreed definition of microcredit, some aspects predominate as consensual, namely: (i) the fact that it is not intended for consumption, (ii) it is a facilitator of social inclusion, (iii) it is associated with high repayment rates.

In order to clarify the objectives designed for those microcredit programmes, Yunus (2008: 106) establishes two distinct categories of programmes. The first category includes programmes that are designed to eradicate poverty, without requiring collateral and with low interest rates. The second category includes programmes offered by traditional financial companies. This type of microcredit is not comparable to the one proposed by Yunus, since its characteristics are exactly opposite to those mentioned above: it is intended for immediate consumption, it requires guarantees – which may be just the wage – it does not facilitate social inclusion and it is associated with high interest rates due to the risks it entails.

Thus, in general terms, regarding goals that are achievable through the microcredit programmes as proposed by Muhammad Yunus(*4) and which we adopted in this study, NGOs, being non-profit organizations, are considered to accomplish the objectives inherent to the concept of microcredit more effectively by giving social objectives precedence over the economic ones. Conversely, commercial institutions offering microcredit assume an eminently supplementary perspective since the main objective of their activity is to generate profits.

This analysis views the effects of microcredit within the scope of the MDGs, on the grounds that this UN initiative, given its range and expression, represents a collective effort to meet basic needs that prevent or hinder development. The effects of microcredit show that Yunus is a precursor of the MDGs. For him, *“the essence of development is to change the quality of life of the lower half of the population”* (Yunus, 2008: 90).

Once adopted, SR policies contribute to promote human rights and to reduce the disparity in development indicators such as life expectancy, population density, and level of schooling, infant mortality, and access to drinking water, CO2 emissions, per capita income and poverty level.

Number one goal is to cut extreme poverty and hunger by half. Yunus says that *“poverty is the absence of all human rights”* (Yunus, 2008: 317) and through microcredit he has committed to free *“five hundred million people”* (Yunus, 2008: 105) from poverty by 2015.

Microcredit, in its various forms, undoubtedly contributes towards achieving that goal because it is an instrument focused on poverty. Institutions should take into account guarantees and interest rates appropriate for the implementation of microcredit. Institutions project their activity to generate social benefits so that the financial goals they propose to achieve are considered to be economically sustainable from the break-even point(*5).

From the SR point of view, Carroll (1999) notes that the concept of SR today is the same as in the past; what have changed for him are the problems that organizations face, mainly because society and organizations have changed and so have their relationships. Amartya Sen (2003) states that poverty affects freedom. For Sen, freedom works like a chain mechanism, in that the next step depends on the probability of past events. In this sense, *"a hungry person is not free. Or rather, the person is not free to eat"* (Costa et al. 2008: 23).

The contribution to improve significantly the living conditions of the microcredit beneficiaries, as viewed from a multidimensional business, offers the different stakeholders the opportunity to participate in solving various problems that have positive effects on society.

The partnership created between Danone and Grameen Bank(*6) is a joint venture aimed at achieving a social objective (Yunus, 2008: 19). The benefits of this partnership – Grameen Danone – are obvious for Grameen: to improve nutrition of malnourished children of Bangladesh through fortified yogurts.

The eighth goal set by the United Nations is to strengthen global partnerships for development. In this regard, member states have agreed to cooperate in helping the poorest countries, by facilitating their access to goods and products through partnerships that can be between countries, NGOs or, among others, the private sector.

NGOs financial constraints are known. The time spent and the constant need for fundraising affects the scope and efficiency of their proposed actions. To this extent, microcredit, given the impact it has on the various dimensions that favour the social inclusion of its beneficiaries, offers a wide range of issues and alternatives that may be adjustable to SR practices in the most varied sectors.

Job creation is one of the main vectors of the instruments that call for CSR to the extent that organizations should expand their actions so that they produce reflections on society. We consider as being valued the impacts that, in the context of SR, through a neighbour policy assumed by the organization, contribute to the development and improvement of quality of life of the community where it operates. In this sense, the job creation generated by this type of partnership partly reflects the notion of social inclusion, intrinsic to the model of microcredit proposed by Yunus, since it favours the poorest classes of society.

Social inclusion and fight against poverty are an integral part of the UN

goals in terms of growth and employment policy. The potential inherent to the perspective of social business, of which Grameen Bank is part, offers individuals better conditions for social inclusion to the extent that the impact of its activity is reflected in terms of range in various areas that contribute to a lesser degree of exclusion.

The effects that microcredit has on women are considered to be particularly interesting. Yunus elected them as the target public for this instrument. Gender inequality that still today is rooted in many cultures is a subject of different approaches, many of which are controversial, particularly those relating to cultures where prejudice towards the female gender is taken for granted, with slow and painful repercussions on the process of women's emancipation. Singer (2002: 37) notes that the condition of gender "*does not allow us to draw conclusions about the intelligence, sense of justice, depth of feelings or anything else that could lead us to treat people as less than equal*". Sen (2003: 201-202) states that the agenda of the feminist movements has evolved from a struggle that has long focused on matters relating to the well-being of women, i.e., "*the movements involved obtaining better behaviours towards women (most correct behaviours)*", to a focus on the "*active role of feminist intervention*", i.e., women as dynamic promoters of "*social transformations that can alter the lives of both women and men*".

This shift in perspective – Sen adds – is an addition to previous goals and not their abandonment. We consider that in the world today, a significant number of women still fight with the aim of getting better behaviour towards themselves, or, in other words, against the violation of women's human rights.

The principle of gender equality is a human right and one of the MDGs. The United Nations calls for the importance of gender equality policies and believes that women are a positive force for achieving all MDGs, particularly in fighting poverty.

Yunus noted that microcredit has positive effects on the female gender that derive from their participation in the labour market, reducing the suffering that women were subjected to by virtue of their inferior position. Aimed at first instance to the "*personal economic development*" (Yunus, 1997: 207), Grameen Bank has focused its attention on poor women, and these have proved to be "*the most effective weapon against poverty*" (Yunus, 2008: 45).

The United Nations Children's Fund (UNICEF) underlines that "*gender equality and children's well-being are closely linked*". The UN, through the

targets set in the MDGs, aims to reduce child mortality in the world by two thirds. In a thorough analysis on child survival and action of women, Sen (2003: 207) mentions that "*this influence acts in different ways, but perhaps in the most immediate way due to the importance given by mothers to the children's well-being and the opportunity they have, when their intervention is respected and encouraged, to influence the decisions of the family. Similarly, women autonomy seems to have a strong influence on the reduction of the visible perversion in the survival of genders (specifically, to the detriment of girls)*". The same argument is supported by Yunus, quoted by Sen (2003: 130), through the work developed by Grameen. On the other hand, several studies indicate a strong influence of women's intervention in the labour market in their family and social status.

The development of women's autonomy resulting from the exercise of a professional activity is reflected in many other respects and contributes to the reduction of social problems as important as the population density – which affects many of the less developed regions – child mortality, the reduction of illiteracy rates, poverty, access to medical services and child care (Yunus, 1997 and 2008, Sen 2003). Each one of these items is a matter of analysis and sustains the human development index (HDI). Social and economic analyses based on these indicators enable to measure the state of human development serving both to group the developed countries (high human development), the developing countries (medium human development) and the underdeveloped (low human development).

Although some of these realities are less evident in countries that can make a greater contribution to their resolution, one cannot fail to think about the role that organizations, as fundamental structures of society, play, namely in the effective implementation of a SR policy capable of giving globalization a balance and harmony between the social and economic vectors. It is indisputable that the social and economic development has an impact on the social well-being. However, to think about the longevity of SR policies at the level of human rights and their effective implementation requires that SR is thought of as a guarantor of the environmental, economic and social well-being of the peoples. It is in this sense that SR can contribute to a sustainable development, by recognizing that sustainability refers to development that meets present needs without compromising the ability of future generations to meet their own needs. The relationship developed between microfinance and the environment is still incipient. *The Green Jobs Report: Towards Decent Work in a Sustainable, Low-Carbon World* prepared by the International Labour Organisation (ILO, 2007) in partnership with the United Nations estimates that by 2030 twenty million new jobs related to renewable energy, technologies linked to environment, bio-energy, etc. will be created. These areas are considered the ones with the

greatest potential for creating “green jobs”. In this regard, a recent study by Universidade Nova de Lisboa (*Prata-Dias et al. 2009: 3*) mentions that “a significant part of the green jobs may be based on traditional occupations with changes in content and skills (e.g. plumbers, electricians, metal workers and construction workers)”. At the microcredit level, we consider that this wave of innovation – sustainability – offers sustained opportunities for expansion.

3. The microcredit network in Portugal

The (Portuguese) National Association for the Right to Credit (ANDC), founded in 1998, has as its main objective granting credit with the purpose of self-employment. As the ANDC is a non-profit public association, and without the legal possibility of granting loans, it was forced to find partners that could support its operation, particularly in what concerns granting loans. Thus, the ANDC found two forms of financing: (i) at the operational level, the structure inherent to the activity depends on State funding, through the Institute of Employment and Professional Training (IEFP), and (ii) at the credit level, the projects that are proposed depend on the financing granted by a commercial financial institution(*7), through protocols that are governed by special conditions compared to other types of credit granted by the same institutions.

In the period between 1999 and 2010, the ANDC funded 1430 projects, whose value amounted to 7692951.74 Euros and generated 1,812 jobs of which 172 were created in 2010. The average value of the loans is 5 835.65 Euros. The amounts to be allocated by the ANDC range between 1,000 and 10,000 Euros, although in special circumstances and after a start-up period of one year, it may rise to 12,500 Euros. The variation in the amounts allocated in the 27 EU countries is proportional to per capita income, and the average value allocated is 11,000 Euros.

The analysis of the candidates’ profile that resort to microcredit shows that about 86% of the projects are financed to Portuguese citizens, of whom 53% are female and 47% male. The age groups with the highest expression lie in the ranges 25-35 (34.8%), 35-45 (28.8%) and 45-55 (18.8%). Regarding schooling, 52% of the micro-entrepreneurs have qualifications corresponding to the 1st, 2nd and 3rd cycles, 29% corresponding to the secondary education and 17.7% have higher education training.

The microcredit model in Portugal has some similarities with the model originally designed by Yunus, as it is designed for individuals who are in precarious economic situation and have no access to credit granted by banks because they lack real guarantees.

The Portuguese model has as preferred target public the unemployed, idle and precarious workers, which somehow is understandable since in the most developed societies the speech is preferably towards the fight against exclusion and not so much the fight against poverty. On the other hand, it is considered that the conditions established for granting the financing (“the presentation of a guarantor that guarantees 20% of the borrowed capital” and “do not have active banking incidents banking”), make the access to this instrument more difficult for the poorest in society. We should also note the fact that in Portugal there is no record of loans granted to groups and the poor adherence to microcredit, as it can be seen by the number of projects funded.

Microcredit is encouraged as a survival alternative and aims at social inclusion. Given the potential of microcredit to the achievement of that goal, it is considered that the ANDC can improve the service it provides to society by encouraging the adherence to this instrument. To this end, it becomes necessary to increase its notoriety through communication actions, strategically highlighting SR practices.

In this sense, this paper intends to hear the main stakeholders of the ANDC (microentrepreneurs) regarding their options in terms of media and preferences for the characteristics that an effective campaign on microcredit should have. It is considered that this should be the starting point for a communication strategy that aims to change the behaviour and the attitude towards this instrument.

4. Methodology

The following techniques were used: (i) observation, (ii) analysis of documents and (iii) field work. In fact, these techniques are considered to be the ones that bring the qualitative and the quantitative nature in the evaluation of the study object. As pointed out by Yin (1984), it is relevant that the case studies, in addition to their descriptive nature, create an analytical range in that by questioning the (study) object they allow the development of a new theory and by confronting with the real situation they allow solutions that contribute to an improvement of the understanding of the study object.

Concerning the research carried out within the scope of public relations and organizational communication, Jim Macnamara (2006) recommends the use of a questionnaire survey, indicating that this is an appropriate instrument in that it “*provides the basis for strategic planning*”, distinguishing different goals depending on whether it is a macro or micro analysis.

In the macro analysis, the use of questionnaire surveys enables, from the strategic point of view, “to assess the level of consciousness”, “insights into attitudes and perceptions” and “to identify the interests, needs and preferences” of the target groups.

At the micro level, the survey can be “used to evaluate the effectiveness of the public relations activities”, namely “publications”, “internal communication”, “community programs”, etc, activities that fall within the operational areas(*8) of public relations (Macnamara, 2006: 46).

4.1 Sample Selection

The sample is characterized as non-probabilistic, selected for convenience. According to Carmo and Ferreira (1998: 197) in this type of sample we use a “group of individuals that is available (...) whose results cannot obviously be generalized to the population to which the convenience group belongs to, but which may provide valuable information, although not using them without due caution and reservations”.

The criteria for inclusion in the sample were all the working individuals, who voluntarily wanted to participate, belonging to a location per region (NUTS II), whose the first year of contact with the ANDC had taken place between 2004 and 2010, thus depicting half of the existence period of microcredit in Portugal.

Table n. 1 Record of projects approved by the ANDC, per NUTS II in the period of 2004-2010

| | Region | Location ⁽¹⁾ | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Total | N ⁽²⁾ | % ⁽³⁾ |
|---------|----------|-------------------------|------|------|------|------|------|------|------|-------|------------------|------------------|
| NUTS II | North | Porto | 7 | 19 | 30 | 26 | 40 | 78 | 19 | 219 | 26 | 11.9 |
| | Centre | Lousã | 17 | 12 | 36 | 29 | 38 | 36 | 31 | 199 | 10 | 5.0 |
| | Lisboa | Lisboa | 33 | 74 | 42 | 67 | 85 | 55 | 18 | 374 | 10 | 2.7 |
| | Alentejo | Évora | 10 | 20 | 13 | 16 | 26 | 12 | 4 | 101 | 10 | 9.9 |
| | Algarve | Albufeira | 5 | 2 | 3 | 7 | 33 | 13 | 9 | 72 | 10 | 13.9 |
| | | | | | | | | | | 965 | 66 | 6.8 |

Source: Adapted, General Statistics 1999 to April 2010, ANDC

(1) Location allocated to each region given the sampling data that support the present study

(2) Data regarding the studied sample

(3) Percentage of the studied sample regarding the total of historical data made available by the ANDC

5. Results

The main objective of this study was the collection of data on the characteristics that may contribute to optimize a communication campaign on microcredit.

It was possible to identify a strong link between microcredit and the ANDC. It is believed that this link is due to the fact that the ANDC was the first institution to integrate the microcredit system in Portugal, having been a forerunner in the implementation of microcredit in Portugal. We consider that because this is a non-profit association it offers credibility to its beneficiaries, in particular by encouraging social inclusion and autonomy of excluded people or people in financial difficulties.

The ANDC activity is focused mainly on monitoring the financed projects. This contributes to a reduction of the risk margin associated with the implementation of the project, having been referred to as the ANDC differentiator by 27% of the sample. Thus, we also consider that by projecting a positive and credible image of microcredit, the ANDC holds reputational capital that enables it to more easily extend its field of action.

Regarding the microentrepreneur profile, it was possible to observe that most beneficiaries of microcredit are between 20 and 50 years old which reveals that this instrument is sought by a segment of the working population. Although the ANDC does not privilege the granting of credit to women, there is in Portugal the same trend that can be seen elsewhere in the world, i.e., microcredit is mostly sought by women.

The most sought activity sectors not only reflect the concentration of microentrepreneurs in metropolitan areas but also the growing demand for this instrument by individuals with higher education training/attendance. Television was the most referenced media to the knowledge of the existence of microcredit.

However, given the ease and autonomy revealed by microentrepreneurs in Internet access and taking into account the number of individuals who know microcredit through it, we consider that it constitutes an important platform for the dynamization of the ANDC field of action in the various fields of its activity.

The idea that "a picture is worth a thousand words" was contradicted by the individuals who comprised the sample. "Information" was the element memorized by the microentrepreneurs, and the loan terms were highlighted as the most important aspect in spreading microcredit.

6. Conclusions

The literature review, particularly the one that focuses on the presentation of case studies, enabled to observe that the CSR has been able to attract the attention of managers in different institutions. In recent decades, this has been a theme that has emerged from the organizational structure and has showed as a strategic option adopted by organizations, constituting to academics a research field. The concept of SR is associated with the recognition that strategic decisions on the organizations must incorporate the interests of the society as a whole, where naturally the organization publics are part, revealing the ability to meet their needs.

As the ANDC is a non-profit association, we consider that it can enjoy the benefits that SR can achieve in terms of reputation, through a bigger projection of the activity it develops - microcredit, which by itself translates into an actual practice of SR. Thus, the axis of its communication strategy should reflect the activities that the Association develops, while at the same time meeting the expectations of its publics and clearly assuming its role as a social actor as promoter of social well-being.

The work process and planning in public relations, obviously implying the level of SR policies planning requires several phases, among them the strategic planning. The strategic planning begins with a situational analysis, i.e., the identification of motivations, attitudes, opinions, beliefs and behaviours of the organization's target publics.

Given the objective of this study – SR as a communication axis in public relations through the study of the ANDC – we considered relevant to inquire the microcredit beneficiaries in order to proceed with the first phase of the strategic planning – situational analysis.

In Portugal, microcredit has been disclosed by the State as an instrument to fight unemployment and to support entrepreneurship. It thus fits within the Lisbon Strategy for growth and employment, a strategy that aims at promoting sustainable growth, innovation, competitiveness and job creation. It is believed that this focal point influences the way microcredit is perceived, translating into a predominantly urban phenomenon, it has been possible to observe in the sample, characteristics that are associated with this aspect, and that enable to profile the ANDC target public.

The most prominent element, "information", meets the reasons that led to the query of the ANDC page, the respondents having proceeded to its consultation to find out how to join or to clarify doubts regarding microcredit. On the other hand, it is considered that microcredit provided by

the ANDC lacks better explanation. Microentrepreneurs mentioned that the most important in its disclosure relates with the loan conditions and the aspects that differentiate the ANDC from other loans, namely the fact that the ANDC monitors all the phases linked to the implementation and development of the projects submitted.

Thus, we consider that the emphasis placed by the ANDC target public on the elements of rational nature reflects the ignorance about microcredit and the preconceived idea, that microcredit deal with low-value loans. We consider that the use of a sample selected for convenience, i.e., a non-probabilistic sample, restricts the extrapolation of the results obtained to the microentrepreneurs' universe covered by the ANDC. Therefore, the results obtained should be interpreted and analyzed only in the context of this research and the sample considered. It is obvious that this study enables to identify several opportunities for future research. At this level it will be interesting to understand the behaviour of the microentrepreneurs in all regions covered by the microcredit provided by the ANDC, making it possible to elaborate a more precise characterization of the microentrepreneurs' profile. It is believed that it is possible that this aspect could determine different objectives in communication strategies, conditioning the media used.

The conclusions of this study also indicate that, for the creation of more successful organizations, even from a financial standpoint, it is essential to create synergies between different fields of activity. An internal decision to adopt SR policies is of no use if the society is not aware of these policies and at least does not benefit itself as a whole from these policies. This is how public relations also assume an important role as they, and only they, define the communication plans that enable the public to assume that organizations are transparent, engaged structures that cooperate with the common good. This is achieved not only through their behaviour in specific actions, but also through their discourse, thus assuming themselves as institutions that define the themes for public reflection and discussion. Due to the nature of its activities, the specific actions that it develops for the microentrepreneurs and because it includes microcredit in the public agenda, the ANDC is promoting and assuming a SR role, which must also be highlighted in its communication strategy.

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Notes:

(1*) We do not mention here the issue raised by the Critical Theories in Public Relations and how these consider the existence of a bidirectional communication of companies including the publics' interests to be impossible. Regarding this theme, we should mention the articles by J. L'Etang.

(2*) NUTS II – Taxonomy of the classification used in Portugal.

(*3) Definition based on the key-concepts attributed by 2/3 of the participants in the study The Bled Manifesto on Public Relations.

(*4) Mhuammad Yunus was born in Bangladesh in 1940. He began studies in Economics in 1955 at the University of Dhaka where he finished his Master's Degree in 1961. He received a Ph.D. scholarship in the United States of America. Of the many prizes he received, we highlight the Nobel Peace Prize that he received together with Grameen Bank in 2006 for his commitment to the eradication of poverty through the development of microcredit.

(*5) At this point, the result or final profit equals zero (revenue equals expense).

(*6) Grameen Bank (it means "Village Bank" in Bengali, the official language of Bangladesh). Grameen Bank was created in 1983 by Muuhammad Yunus given the resistance of the traditional banks to grant credit to poor people because they do not offer guarantees. Specially aimed at poor people, Grameen Bank was the first bank specialized in microcredit, granting loans without asking for guarantees.

(*7) Millenium BCP (since 1999), Caixa Geral de Depósitos (since 2005) and Banco Espírito Santo (since 2006).

(*8) The operational areas of public relations are: media relations, internal communication, institutional advertising, community relations and PR specialized areas, such as financial communication, crisis communication, environmental communication, amongst others (Carvalho, 2007).

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Szymon Sikorski



***Towards a Responsible
Management in the
Real Estate Industry***

Year 1989 constitutes a key date for Poland. Round Table Agreement, first free parliamentary elections in a post-war history of the country and a number of changes and reforms established a new political and economy order. In that still unfamiliar reality various forms of activities, both commercial and service, had their beginnings. Housing market, based over the last thirty years almost entirely on state ownership, council flats or housing association flats, has become a free market open for both investors as well as buyers although until the mid 90s the idea of ownership had not been present. A purchased flat had still belonged to the housing association. Acceleration observed in Poland at the beginning of the 90s resulting from the change of the system brought about the increase of demand for luxury products including, certainly, demand for flats and service establishment. The need for such investments naturally contributed to creating a new branch of business in a post-communist economy which was already being shaped. Previously known construction companies working for years only on government orders started to act based on free market principles. A developer, a concept known for years in western Europe or the USA, appeared as a new idea on the map of Polish enterprise. Completely new beneficiaries of the system transition also appeared. Soon they found their own niche on the market – building modern flats on a large scale. The following years brought about economic boom – a large supply and big availability of home loans for consumers – especially in 2005. One year later, in 2006, the real estate market became affected with a crisis, a phenomenon which is best described as breaking a housing bubble. There were too many newly built flats and houses with not enough consumers able to buy them. Undoubtedly, a trouble spot was the moment when the prices of real estate went up unreasonably, which blocked any construction investments. It was then when banks limited their mortgage offers, unlike in previous years, flat construction business slowed down and thousands of Poles started to struggle with financial problems resulting from exorbitant prices of houses. Developers had to face such a serious crisis for the

first time. A lot of them either went bankrupt or were to handle with a real witch-hunt which started in the media. The situation considerably affected the image of the branch. The word 'developer' was most often associated with the names such as fraud, disinformation, bankruptcy or aggrieved customers. Moreover, these difficult months at the same time proved that the branch may be to blame having no clear terms and conditions of developer agreements, the standards of customer service or tried-and-tested patterns and procedures ready to be used in case of a potential or, as it turned out later, real crisis.

The most reliable and thriving flat construction entrepreneurs realise that the improvement of the condition and the image of this group on the market depends mainly on themselves. It was essential to create an organisation whose aim is to promote a good attitude and education for both developers as well as consumers. Therefore, Polish Association of Developers (PZFD association) has been established. The association set up in 2002 became the initiator of implementing a necessary order and changes.

The mission of the organisation may be described as promoting the right of every family to have an own flat as basic social welfare. As a way of creating the image of the branch and making rules and principles to be followed by all developer companies present on the Polish market, PZFD association since the beginning has been trying to limit bureaucracy connected with formalization of the transactions concerning buying a flat, fight for more convenient administrative and economy regulations or increase standards in developer – customer relationships as well as create the image of a reliable business partner. The latter effort was extremely important during the months following a real estate crisis in 2006. The decision to make such efforts many times resulted in avoiding the bad consequences of the crunch. Up to now, despite solving the most serious problems concerning financing of investments and regaining the fluency in a buy-sell relationship, the developer branch has been still struggling with a limited social trust. Internet forums are full of negative posts about certain companies whereas media often warn against being cheated by a developer. No wonder that during a serious turmoil between 2006 and 2008 PZFD association focused on thorough education in the field of primal real estate market. What does it mean in practice? PZFD's experts keep informing the government and local council institutions in order to improve the functioning of the developer market in Poland. Regularly drawn up analyses and reports about the housing market are to point out the areas which need to be improved immediately. Cooperation with similar organisations seems to be useful both in the country as well as abroad. The key element of the activities which PZFD is orientated to is cooperation with financial institutions. Coming back to PZFD's mission - propagating the right

to have your own flat – the cooperation is to result in creating new and mutually advantageous rules of providing credits for housing construction.

What is essential, the PZFD's statute precisely describes which subjects may become members of the association and which, despite a long membership, may become excluded. PZFD is a self-control mechanism in which concern for high reputation is the most important goal, more important than individual businesses of associated subjects. Member developers are obligated to obey the Code of Good Practices and the Catalogue of Developer Agreement Regulations. These documents, drawn up and implemented in autumn 2007, constitute the basis of PZFD's activity as an organisation. The key value of the regulations included in the Code is transparency of developer-customer relationships, which in practice means the necessity of submitting the complete documentation to the customer concerning both the design as well as certain stages of financing it. There are also certain demands put upon the customer. First of all, before a purchase procedure starts they are expected to check whether the funds to buy the residence are sufficient. However, it is clear that the board and the council of PZFD association are to control the developer companies and not their clients. In case of violation of the Code of Good Practices by a member subject and breaking the reputation of the association and the whole developer industry, the membership of such a company will be terminated. Propagating education concerning housing market in Poland and promoting positive attitude is not only a slogan included in the PZFD's statute. Since rapacity, inability to manage, concern for only individual businesses are the qualities commonly associated with the developer branch, only activities void of commercial character are able to enhance the broken image. Involvement in a number of projects aiming at improvement of the quality of life in cities or particular districts has become the indicative of responsibility and maturity of PZFD association being a sort of an ambassador for the branch. Only education as opposed to promotional activities as well as taking measures to promote attitudes included in the Code of Good Practices allow PZFD to create and implement the standards, and not only to keep them.

In November 2009 eleven companies belonging to the Polish Association of Developers and acting in the area of Wrocław started to cooperate in order to promote the highest standards in construction industry and in customer service on the local market of Wrocław. This is the first example of a local initiative created within the PZFD. So far nobody else from other regions of the country has followed the idea of the programme called *Budujemy Wrocław* (We are building Wrocław). Developers who in fact compete with each other on a daily basis and whose portfolio and offers are quite similar, work together in aid of supporting local initiatives and

Wroclaw's development. All the members act according to the slogan of the initiative : Budujemy Wroclaw i standardy branzy deweloperskiej (We are building Wroclaw and the standards of a developer branch) and become involved in the development of the city paying special attention to urban, cultural, educational and promotional aspects. It is done in cooperation with the Municipal Council of Wroclaw and its subordinate units. All the efforts are to invalidate the myths about a developer branch which still function in Poland. Thanks to their attitude and activities, Budujemy Wroclaw members may be regarded as experienced and authentic experts in issues they deal with.

At the very beginning the members of Budujemy Wroclaw initiative agreed that the main aim of their cooperation is to pay attention to a high quality of construction industry and to act for Wroclaw inhabitants. Every month the initiatives were becoming more and more robust first of all taking care of flat purchase counselling, informing about new investments, keeping high standards of customer service, following the Code of Good Practices and the Catalogue of Developer Agreement Regulations as well as constant maintaining contact with current and potential customers. Cooperation with the city has been emphasised. Therefore, Wroclaw initiative of the Polish Association of Developers is able to fully execute the idea of a corporate social responsibility.

It is much easier to get to consumers by acting locally, not centrally. Local PZFD initiative members realise and admit that after only two years since the agreement measurable results may be observed. As it comes to relationships with customers, sharing agreements have been a success. Only the members of the initiative may be proud of submitting the documents which are fully in accord with the rules of the Code of Good Practices of the Polish Association of Developers. PZFD spared no effort to make all sales representatives of PZFD members familiar with procedures of the association. A series of trainings conducted in real estate agencies had expected educational effects. People who are in charge of selling flats in PZFD member companies are really skilled at showing buyers benefits coming from following the Code of Good Practices. The sense of belonging and being unique (the members are a subject to a regular control by the board and the council) may be noticed in all mutual initiatives as well as in everyday contacts with customers.

Budujemy Wroclaw initiative has brought about the introduction of a coherent visual identification system for all associated subjects. The logo of the Polish Association of Developers as well as the logo specially created for the needs of a Wroclaw group Budujemy Wroclaw appear on all commercial materials of particular companies. Putting every new investment

up for sale and as it follows – its promotion, is accompanied by educational activities resulting from the PZFD membership. A number of educational and commercial events which have been organised regularly since autumn 2010 by Budujemy Wroclaw initiative are good examples of such activities. Developer's Days (Dni Dewelopera) is the idea of a local Wroclaw group of associated companies in the Polish Developers Association. So far two events have been organised: Live in Wroclaw (Żyj i mieszkaj we Wrocławiu) and We are building EKO Wroclaw (Budujemy EKO Wrocław). Organising that sort of activities the initiative members are able to change the character of the events promoting developers' offers, the events previously seen as merely commercial. In case of both editions of Developer's Days organised so far as well as future planned editions, cooperation with municipal units and also perceptible willingness to work together have become the key to success. Each subject promotes its own investments and at the same time is equally involved in mutual creating the added value, namely the possibility for potential customers to collect practical information about credits, insurance or other issues being an integral part of investment which a purchase of own residence is.

Developer's Days, the first event organised by Budujemy Wroclaw initiative took place in October 2010. It had educational character – it was then when the biggest conference about the Polish real estate market was held. The lecturers included top economists and bank experts. During the two days of an exhibition-educational part, the visitors had the opportunity to be advised by bank or other credit institutions. The priority was to propagate the regulations included in the Code of Good Practices and the Catalogue of Developer Agreement Regulations. Cooperation with the city was already visible at this stage: in one of the focal points of the city there was a photo exhibition presenting the initiative of wise construction and land development put into practice by the activities conducted by Budujemy Wroclaw members.

Another edition of an educational-commercial event organised by the Initiative taking place in April 2011 is Live in Wroclaw. The event held under the patronage of the Wroclaw president, Rafal Dutkiewicz, in the best way illustrates the close cooperation between developers associated in Budujemy Wroclaw and municipal units. Traditional commercial part was also accompanied by numerous lectures concerning the most important city investments, for example Tram Plus (Tramwaj Plus) introduced at that time. The message was simple: we, developers, are building Wroclaw and are showing that it is a really great place to live in. Countless meetings of Budujemy Wroclaw and the Municipal Council resulted in a complete new character of a housing fair. It is the first event in Wroclaw, and maybe even in Poland, during which the visitors may not only get to know the offers

of particular real estate agencies. Here Wrocław inhabitants may also be advised by the developer branch experts, take part in Nordic walking trainings, learn about theatre programmes or even buy the tickets. Autumn edition in 2011 is Budujemy EKO Wrocław (We are building EKO Wrocław) – activities of the members in the field of CSR have never been so powerful. Not all developers have already introduced environment-friendly construction based on the latest solutions but all of them are trying to follow the trend and support education concerning sustainable sources of energy. Budujemy EKO Wrocław consists of a commercial-educational event, a conference and a panel discussion about the perspectives of a real estate market in Poland. Once again the model of cooperation between Wrocław initiative and the Municipal Council has worked well. Thanks to mutually organised activities, the awareness of PZFD's aims has been increased from initially 4% to 20% (among relevant groups polled in the city of Wrocław). It also means widening the scope of the Initiative itself (new members, new partners) as well as hundreds of press releases. First of all, it is creating a new powerful centre of education about a real estate market. Due to the successes of Budujemy Wrocław, being the initiative of the local subjects, the first regional department of the Polish Association of Developers has been established. It is Lower Silesia Department.

Both the Initiative as well as a newly established Department are planning, above all, to still support the city initiatives and to develop further cooperation with the units of the Wrocław Municipal Council. Experience has proved that only close cooperation and a factual dialogue may bring about measurable results both for investors, residents and local authorities. The involvement of developers associated in PZFD in the development of the city in the forthcoming year will be especially noticeable in the post-industrial areas which are going to be revitalised and which cover attractive Wrocław districts (attractive due to their location). A project of creating a new city district on the previously industrial area with plenty of factories has already been implemented as a commercial investment of one of the Initiative subjects. However, revitalisation - patterned on solutions such as High Line Park in New York – providing Wrocław inhabitants with more space engages all subjects associated in Budujemy Wrocław. First of all, revitalisation of yards in the area of the Middle Town and the Old Town is planned – the district where almost 100% of buildings are listed. Budujemy Wrocław subjects and particular Municipal Council units will be in charge of, among others, covering waste containers, building modern playgrounds or making damaged walls of buildings available to artists and designers.

Budujemy Wrocław activities naturally follow the trends present in metropolises of 21st century. Space for street art, minimalism in architecture,

spots for culture, recreation, education and trade are more and more popular in Wrocław. The capital city of Lower Silesia, thanks to those who are still building it, in a way promotes the idea of so called glocalisation. Think globally, act locally – the slogan reflects the changes which have been introduced in Wrocław over the last years. Wise interpretation of western patterns considerably improves the quality of residents' lives as well as the aesthetics of urban space. We are convinced that efficient results on such a scale would not be possible without the cooperation of the subjects involved in building Wrocław.

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Jami Taipalinen



***Do Not Talk About Them,
Talk With Them***

***The Challenge of True
Engagement and Transparency***

Ten years ago a corporate responsibility report was an innovative concept. Now, a mere responsibility report is not enough to convey responsibility. Today's responsibility communications is multi-channelled and stretches, sometimes painfully, the limits of corporation transparency and dialogue skills. The new responsible business is fundamentally about relationships.

1. Introduction

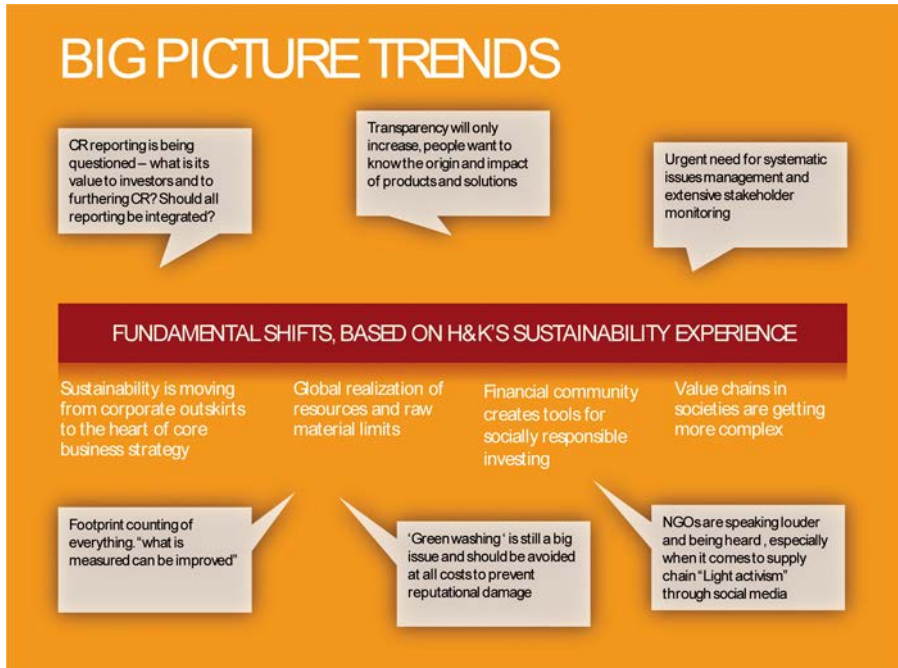
Social responsibility and social media share basic principles: openness and ethicality with a creative twist. Openness can be painful for companies' responsibility communications because it changes job descriptions and the whole way of thinking. A motto for the dialogue era of corporate responsibility communications could be "*do not talk about them, talk with them*".

Responsibility reports are, of course, needed, as they are the basis of all communications related to corporate responsibility. However, organisations and influential individuals of the digital age try to reach companies, and are frustrated by distant and stiff responses or complete silence.

In the book "*The Responsible Business: Reimagining Sustainability and Success*" Carol Sanford states that responsibility is not a set of metrics to be tracked or behaviours to be modified. It is central to both the purpose and prosperity of a business and it must be pervasive in a company's practices. This may sound obvious but it leads to new ways of thinking.

If corporations are to live and prosper, they need to find ways to remain connected to their origins while adapting to changes in the world around them. Their long-term viability has as much to do with how well they create networks of relationships with consumers and other companies and industries.

2. The big picture of corporate responsibility – Hill & Knowlton's view



This image is an overview of trends in corporate responsibility and sustainability from Hill & Knowlton's viewpoint. The comments in the 'speech' boxes are some of the communications trends we are seeing at the moment.

The days of corporate philanthropy are long gone. Corporate responsibility and sustainability should be built from a firm, commercial rationale. Without it, corporate responsibility won't be part of corporate strategy, have the focus or investment required – whether in people, resources or in cash. Ultimately, corporate responsibility should be about differentiating an organisation, making it more efficient, being able to operate in a world with depleting resources, and finally about making it more profitable.

Customers rarely buy for reasons of guilt but they will select more sustainable brands if there are no performance trade-offs and they are inspi-

red to do so. Smart companies recognise this opportunity and leverage it through their marketing programmes.

A closer look on some of the 'speech' boxes

Corporate responsibility reporting

Some companies are putting a lot of effort in reporting. Reporting is an important backbone for all responsibility communications but should not be the only communications effort. Corporate responsibility reporting is expert level information and does not serve wider audiences as such.

The UK based consultancy Acona carried out a survey Multiple Messages, which points out that we are in the middle of a tidal wave of social and technological change that is fundamentally transforming the way we communicate. Social media, instant access, handheld devices, syndication, and all-powerful search engines have conditioned users to find the content that they want, when they want it. At the same time, the fast-rising BRICS economies are developing their own views on the role of companies in society, and affecting the way global corporations think. The one-size-fits-all, once-yearly, half-narrative and half-quantified corporate responsibility is looking increasingly out of date.

The future of reporting will be plural, bespoke and continuous: plural in that the content will be spread through multiple documents and channels; bespoke in that different audiences will require different content; and continuous in that companies will be expected to communicate regularly and the development of the story over time will become as important as the facts themselves.

A growing number of companies already supplement their corporate responsibility reports with permanent micro-sites, indexed and cross-referenced to allow the user to move straight to the content they need. As this trend intensifies, the narrative element becomes less and less important, since readers rarely start at the beginning and read to the end. It will transform into a suite of continual and bespoke communications targeted at different stakeholders, telling the company's story in ways meaningful to the specific audiences.

Non-governmental organisations (NGOs) speaking louder

For example Greenpeace and WWF are frequently heard in the legislation process of the European Union. The message of critical stakeholders such as non-governmental organisations (NGOs) for companies is that they do

not expect companies to be perfect – that would not be realistic – but to show clear commitment and targets set for relevant issues as well as communicating frequently about how things proceed. NGO activity is not characteristic only for industrial countries. NGOs are active in all countries with an active civil society all around the world.

Need for issues management

Corporate responsibility topics often raise strong stakeholder interest. This is natural as we are talking about, for example, ethics, safety, health and environment. Proactive responsibility communications work should always be supported by a strong issues and crises approach.

Light activism

A famous light-activism case in social media was Nestle and KitKat chocolate. There was a lively discussion on the KitKat Facebook site on the origin of KitKat raw materials and tough questions for Nestle. The Nestle Facebook community manager got irritated and announced that Nestle would control topics and discussion on their Facebook site even though the company had allowed free posting on their wall. This raised a boycott storm, which escalated into other social media forums, traditional media and became a long-lasting benchmark on how stakeholder dialogue on sustainability topics should not be conducted.

3. Overview and learnings from recent studies

Professional communicators in Finland: growing need for corporate responsibility expertise during the next two years

The results of a corporate communications survey conducted among ProCom's (The Finnish Association for Professional Communicators) members was released in June 2011. The results reveal that a clear majority (60%) of the respondents think that there will be an increasing need for corporate responsibility(CR) communications expertise in their own organization over the next two years.

Environmental responsibility is given the greatest importance by organizations (48% of the respondents find this area the most important) but social responsibility (42%) and economic responsibility (32%) are emerging alongside environmental issues. When asked to evaluate the success of weighting these issues in their own organizations, the respondents considered the choices made as largely successful or at least that they meet

expectations. The weighting decisions are, in most cases, made by senior management (78%).

Four out of ten (39%) of the respondents' background corporations communicate about their corporate social responsibility in social media. Those who use social media to this end have had to defend their role as responsible corporate citizens more often than others.

The results reveal that in the past few years Finnish organizations have started to give a lot more weight to CR issues and to communicating about them, and that many communications professionals are determined to focus considerable efforts in this area in the future as well.

Even though a clear majority thinks that there will be an increasing need for CR communications expertise in their own organization, not all respondents consider social responsibility issues important: 25% of the respondents give the role of CR communications little or no weight. For some of the respondents, CR communications is part of a company's basic communications.

Only 27% of the respondents stated that there is a separate CR-related communications strategy in place in their organization. For others, CR issues are mostly part of the normal communications strategy.

Poor measurement performance

Finnish organizations are still showing poor performance in their monitoring and measuring of CR communications. 39% of the respondents state that success is monitored but not measured. Surprisingly many (35%) are neither monitoring nor measuring the success of CR communications. Monitoring is, in most cases, based on methods that are suited to other communications actions, such as media intelligence, personnel feedback and monitoring of social media discussions.

In large corporations, success is measured using international reporting methods developed for this purpose, such as GRI indicators or the Dow Jones Sustainability Index. Various reputation and brand surveys and target-group-specific feedback surveys are also perceived as important measurement tools.

Successes and failures especially in crisis situations

When asked for examples of successful CSR communications, the respondents singled out Stora Enso (cooperation with Greenpeace and commu-

nications in crisis situations) and Kesko (corporate social responsibility program, reporting and Fair Trade products). The companies Nokia, Neste Oil, Toyota, Stockmann, FiCom and TeliaSonera, among others, as well as WWF's Earth Hour campaign received a special mention for their well-managed CR communications.

Some of these companies were also cited among the failures. The examples cited included Nokia's layoffs and "blood phones", and Neste Oil and palm oil. Larger and more serious failures outside Finland included BP and the communications surrounding the Gulf of Mexico oil spill, and communications concerning the Fukushima nuclear accident.

The world is quite paradoxical when it comes to corporate social responsibility communications. Neste Oil is simultaneously one of the world's most awarded and one of the world's "bad guys" in terms of CR and related communications. Activist groups are keeping a watchful eye on large global corporations. They have taken it upon themselves to complete the information contained in Wikipedia concerning large corporations. For example, accurate records of the failures of McDonald's, Nokia, Lidl and Neste Oil can be found on the Internet.

Many respondents would like to see an improvement in the quality of CR communications in their own organization. Only 19% of all respondents were completely or quite satisfied. In those organizations that make use of social media for CR communications, satisfaction was at a higher level (33% completely or quite satisfied) than in those that do not use this channel (9% completely or quite satisfied).

Strongest need for communication in the energy and food industries

In the Finnish respondents' view, CR communications will play a major role in the future especially in the energy and food industry sectors (65%/56% of the respondents). The pharmaceutical industry and financing and insurance business are also seen as sectors where CR communications are strongly growing in importance. In the telecommunications and engineering industries, CR communications were considered to play a minor role. How the survey was conducted.

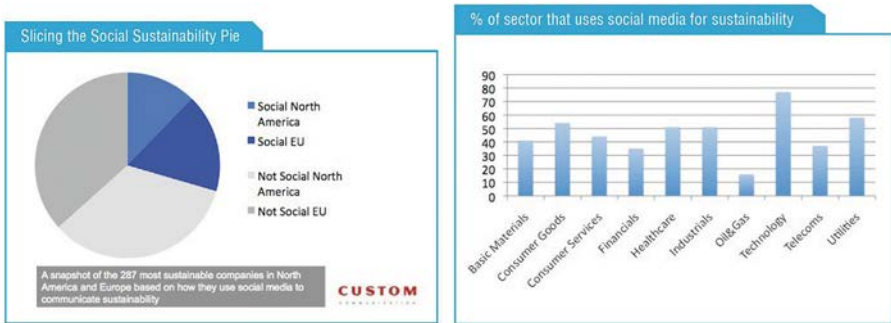
ProCom's Corporate Social Responsibility Communications 2011 survey was carried out in April 2011 as an email-informed Internet survey that was sent to 1,689 ProCom members. A total of 318 people responded to the survey, 268 of whom were included in the target group. 90% of the respondents were women, which is characteristic of the sector. The survey

was carried out by TaloustutkimusOy for ProCom.

**Social Media Sustainability Index:
Social Media utilisation rate low in Responsibility Communications**

A recent SMI Social Media Sustainability Index study conducted by Custom Communications examined the Responsibility Communication of Dow Jones Sustainability Index's top companies. All companies that were studied publish responsibility reports but only few have had the courage to use dialogue tools. Of 287 companies that were looked at, 244, around 85%, already promote their consumer brands and ad campaigns through social media. Yet when it comes to where they stand on planet-saving and community building initiatives they are social media mute.

Fewer than half of the world's most sustainable companies are using social media to communicate their corporate and social responsibility accomplishments and just one quarter have a dedicated social media sustainability channel or advocate. Most social media-savvy sustainable companies are the likes of GE, IBM, Starbucks and Ford. Others like FedEx and the German insurer Allianz have taken new and innovative ways to demonstrate their sustainability commitment and actions through smart story-telling and community building.



**United Nations Global Compact CEO Survey:
CEO priorities in corporate responsibility**

“The new era of sustainability”, United Nations Global Compact CEO Survey 2010 was carried out by Accenture. The summary of the survey says: “In the course of our survey and conversations with CEOs, we have witnessed a fundamental shift since the last Global Compact survey in 2007. Then, sustainability was just emerging on the periphery of business issues, an increasing concern that was beginning to reshape the rules of competition. Three years later, sustainability is truly top of mind for CEOs around the world.”



1. The consumer is (or will be) king

End consumers as well as business and government customers are increasingly driving a company’s strategy for developing sustainable products and services. CEOs identify the consumer as the most important stakeholder in influencing the way in which they will manage societal expectations

over the next five years: 58% of survey respondents selected the consumer among their most important stakeholders, even above employees (45%) and governments (39%).

2. Importance of technology and innovation

CEOs are aware of the critical role that innovative, leading-edge technologies are playing in advancing the sustainability agenda—in areas such as climate change (e.g. using smart technologies such as grids and meters); and in terms of increased transparency through social media platforms. Ninety-one percent of CEOs reported that their company would employ new technologies (e.g. renewable energy, energy efficiency, information and communications technology) to help meet their sustainability goals over the next five years.

3. Collaboration is critical

Across the board, the CEOs confirmed that partnerships and collaboration (e.g. with suppliers, nongovernmental organizations, government agencies, etc.) are now a critical element of their approach to sustainability issues. Businesses realize that today's global challenges are too broad and too complex to go it alone. Seventy-eight percent of CEOs believe that companies should engage in industry collaborations and multi-stakeholder partnerships to address development goals. Nevertheless, while CEOs believe civil society is an essential partner in tackling these issues, they believe non-governmental organizations (NGOs) are declining in their influence on corporate sustainability agendas. Just 15% of CEOs identified NGOs as one of the key stakeholders influencing their approach to sustainability, down 12% from 2007.

The survey was answered by 766 United Nations Global Compact (UNGC) member CEOs, extensive interviews with an additional 50 member CEOs and further interviews with more than 50 business and civil society leaders. The scale of this research is such that it represents the largest study of CEOs ever conducted on the topic of sustainability.

4. Digging deeper in social responsibility

Building social responsibility through new kinds of partnerships

In the recent ProComma, Finnish bi-annual publication for communications professionals, the main theme was social responsibility of companies and other organisations. One of the opinion leaders and influencers interviewed for ProComma was DorotheeHutter, Corporate Communications Di-

rector of GIZ, a major German state-owned company, which works globally to promote sustainable development through international cooperation.

According to Hutter, corporate social responsibility involves corporations voluntarily taking responsibility for improving conditions in society by going beyond fulfilling their legal requirements. Taking responsibility on a global scale will be one of the most important topics over the coming years for businesses in terms of improving both production and people's quality of life around the world. But it must become an integral part of core business, and not something on top.

Although corporate social responsibility issues have only recently hit the radar in many poorer countries, there has been a change in the ways local communities around the world respond to new industrial developments. Earlier such plans were generally welcomed for the new jobs they would bring but today people also think of the wider consequences. Even in China, which is still widely seen as an authoritarian country where ordinary people have little say over developments, Hutter believes local communities are beginning to be able to campaign effectively against developments that would pollute the environment.

Consumer power on the rise

In emerging economies like China, India and Brazil, consumers in growing middle classes are rapidly getting interested in corporate responsibility. Hutter points out that even in a country with such widespread poverty as India, about 100 million people have purchasing power similar to western consumers. This means more people than ever now have the chance to choose, and this can put pressure on companies. When buying toys, vegetables or other products, they are starting to consider the environmental impacts of production. In Brazil, for example, a company called Natura is successfully selling organically produced cosmetics by publicising their efforts to conserve biodiversity.

In developing countries cheap and simple measures can greatly improve a company's image locally. In Uganda, for instance, even providing workers with lunch is seen as a big bonus. HIV/Aids workplace programmes – involving testing, health care and publicity on HIV/Aids prevention – are also seen as an important benefit. For companies, they are a worthwhile investment both in the health of their staff, and in their reputation as an attractive employer.

Public private partnerships (PPP)

Hutter believes these “PPPs” can play a vital role by ensuring that developments will also be economically sustainable. Getting businesses involved makes developments different from philanthropic actions, which are valuable in their own way but depend much more on the continued availability of resources. Enterprises donot get involved in PPPs for fun, but to make money. To achieve genuinely sustainable development it is important to merge economic interests with social development.

Your social license to operate has to be earned every day

Hill & Knowlton and Attorneys at law Borenus have taken a look on what social responsibility is in today’s business ecosystem. In addition to environmental issues, companies are now also expected to demonstrate social responsibility. People’s confidence in a company’s operations is emphasised especially in investment projects.

Suspicion arising from earlier mistakes, threats to traditional sources of livelihood, people’s concerns about the environment, disagreements regarding ownership of natural resources and the way a company’s own staff are treated are examples of social issues that may easily become risks for a company.

Abiding by the law and gaining official permission do not guarantee that operations are socially acceptable in the eyes of community and civic society. If we want to avoid conflicts, a social licence is also needed. Without an extensive control system for social impacts, it will be difficult to attract funding for new investment projects.

Assessing social effects is becoming more and more important, especially in infrastructure projects that use natural resources, but also in other business operations. The financial sector sets new obligations for projects which provide a platform for this progress.

Civic and local organisations examine the financial arrangements of big projects and investors’ operations. Even the planning phase is under the spotlight. Most organisations, however, do not demand perfection but they ask for strong commitment, goals and management. In other words, interest groups call for on-going improvement.

So transparent it hurts

Openness can be painful for companies because it changes their whole way of thinking.

In order to respond to the demands towards financiers concerning responsible financing, the majority of banks offering project financing are committed to following Equator Principles that were created in 2003. The principles also require that a project's social impacts and their management are assessed.

This calls for special strategies regarding issues such as respecting indigenous people's rights, redeeming areas and substitutive options and the effects on transport and water supply. Obligations set by banks change companies' operational cultures quickly. In addition, banks experience pressure from civic society to expand the scope of application to other operations besides project financing. This requires observing social risks better in domestic projects as well.

Laws and regulations can only help to a limited extent when gaining a social licence. Extensive dialogue with interest groups and other kinds of communication are needed. If the issue is important, why do companies and civic society partners not listen to each other? A company shows that it is responsible by investing time and effort in compiling a responsibility report. There is little or no response because people are elsewhere and the methods of communication are different.

Organisations and influential individuals of the digital era try to reach companies and are frustrated by distant and stiff responses or a complete silence. Sometimes they organise demonstrations with banners outside the companies. This often only changes when people and generations change. A mere responsibility report is not enough to convey responsibility. Today's responsibility communication is multi-channelled.

5. Way forward

Corporate responsibility needs coordination, strategic approach and implementation. Carol Sanford makes a strong and good statement that responsibility cannot be bolted on but must be built in. Business is too important to be left to CR departments. It is also too important to be left to business alone.

Sanford's manifesto is a clear message for us professional communicators. We are needed as ambassadors in connecting people in the business eco-

system of our organisations. That requires a new brave approach resulting in maximum transparency and utilization of latest tools and channels as an efficient mix.

Jami Taipalinen

*Finland. Head of Sustainability and
Corporate Responsibility at Hill & Knowlton EMEA*

Koenraad van Hasselt



**CSR and Reputation:
a Matter of Leadership**

It sounds like a 'no brainer': the notions of Corporate Social Responsibility and Corporate Reputation are closely interlinked. When a company shows responsible behavior towards (all) its stakeholders – and is perceived by them as doing so as a result of good communication and interaction – this will have a favorable impact on the company's reputation over time. And vice versa. The concept of Reputation, however, goes beyond CSR, which is only one of the reputation drivers, alongside products & services, financial performance and leadership. What CSR and Reputation do have in common is that they can both fulfill the role of a catalyst within the organization, bringing together the various company officers (e.g. Corporate Communications, HR, Marketing, customer relations, Health, Safety & Environment, Legal Affairs) who have a partial responsibility for CSR and, therefore, Corporate Reputation. The benefits for company leadership is that CSR and Reputation can both be used as a powerful platform for internal alignment of vision, strategy and culture as well as a company's ensuing choices and actions. What many companies struggle with is the ownership of CSR and Reputation: who is ultimately responsible for these fairly complex and holistic concepts and who can and should be held accountable for them?

Defining a clear governance model and developing an effective organizational structure and the right checks and balances requires strong leadership from the company's CEO as well as the Chief Communications Officer.

In the aftermath of serious corporate governance failures and other major catastrophes, corporate reputation management has become all the more important due to regulatory compliance requirements, strengthened regulatory powers, the growing influence of pressure groups, rising stakeholder expectations and – last but not least – communications technology. In this day and age, everyone has mass media at their fingertips enabling people to broadcast their opinions and rally support for these opinions at

phenomenal speed.

The value of reputation

A company's reputation is valuable on two counts: first, its intrinsic current value as an intangible asset and secondly, its ability to create – or destroy – future value. Reputation will not appear as a separate item on a business's balance sheet but generally represents a significant proportion of the difference between market value and book value (minus any quantifiable intangibles such as trademarks and licenses). As total intangibles often account for some 75% or more of market value, reputation is, for many businesses, arguably their single greatest asset.

A good reputation enables a company to attract the best resources from the market, whether this be finance, people or suppliers. Stakeholder support does not only secure a business's continuing license to operate, but provides it with a license to expand and generate new partnerships and income streams e.g. by helping to secure preferred partner status on future projects or by enabling premium pricing for products and services. Reputation thus becomes a potential source of competitive advantage and a key determinant of future business success.

Perhaps the greatest benefit of a 'good' reputation is its capacity to provide a reserve of goodwill (often called 'reputational capital' or 'reputational equity') that can help the business withstand future shocks and crises. Such reputational capital, which underpins stakeholder trust and confidence, can act as a buffer or 'airbag' at times of crisis and persuade stakeholders to give a business the benefit of the doubt and a second chance.

Case study KPN Royal Dutch Telecom

The company. KPN is the leading telecommunications and ICT service provider in the Netherlands, offering wireline and wireless telephony, internet and TV to consumers, end-to-end telecommunications and ICT services to business customers. KPN's subsidiary Getronics operates a global ICT services company with a market-leading position in the Benelux, offering end-to-end solutions in infrastructure and network-related IT. In Germany and Belgium, KPN pursues a multi-brand strategy in its mobile operations and holds number three market positions through E-Plus and BASE. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.

At December 31, 2010, KPN served 42 million customers, of which 33.9 million were in wireless services, 4.4 million in wireline voice, 2.5 million in broadband Internet and 1.2 million in TV. With 19,192 FTEs in the Netherlands (30,599 FTEs for the

whole group), KPN reported full-year revenues of EUR 13.4bn and an EBITDA of EUR 5.5bn in 2010.

The promise. It is KPN's mission to enable all its customers – whether they're using consumer products or business (ICT) solutions – to enrich their work and leisure time with a range of communication services. KPN wants to enable communication anytime, anywhere by giving its customers the ability to access information and entertainment on any communication device, be it a phone, a mobile phone, a computer, a PDA or a television set.

The CSR ambition. 'Our role in society also carries responsibilities. One of our duties is to ensure our finances remain sound: many people depend on us, be they customers, employees, shareholders or suppliers. A healthy society is indispensable and explains our investment in corporate social responsibility (CSR): that investment means harnessing our products to social needs, operating in an environmentally aware and climate-friendly fashion and fostering a society in which everybody can participate' (source: KPN corporate website). KPN strongly believes it is not CSR that matters, but what it wants to be: the best service provider.

CSR Programs. KPN has defined three CSR themes: 'new way of working', 'responsible energy use' and 'people connected'. The new way of working covers services, such as conference calls and video calling, that enable remote working. To gain experience, KPN has implemented the concept in its own organization, with 10,000 KPN employees now using the services. This leads to higher employee involvement and substantial savings on travel time and cost, as well as energy use. An internal social media platform enables colleagues to keep in touch with each other at any place, any time. KPN plays an active role in taskforces initiated to solve mobility problems and has set up an experience center for customers to learn the benefits of the new working concept.

In terms of **responsible energy use**, KPN has set clear targets: the company aims to be climate-neutral by 2020. This means that on balance it will cease to emit any CO₂. In addition to using green energy, energy-saving measures have been implemented in networks, data centers, offices, stores and the vehicle fleet. In 2010, KPN received a listing in the Dow Jones Sustainability Index.

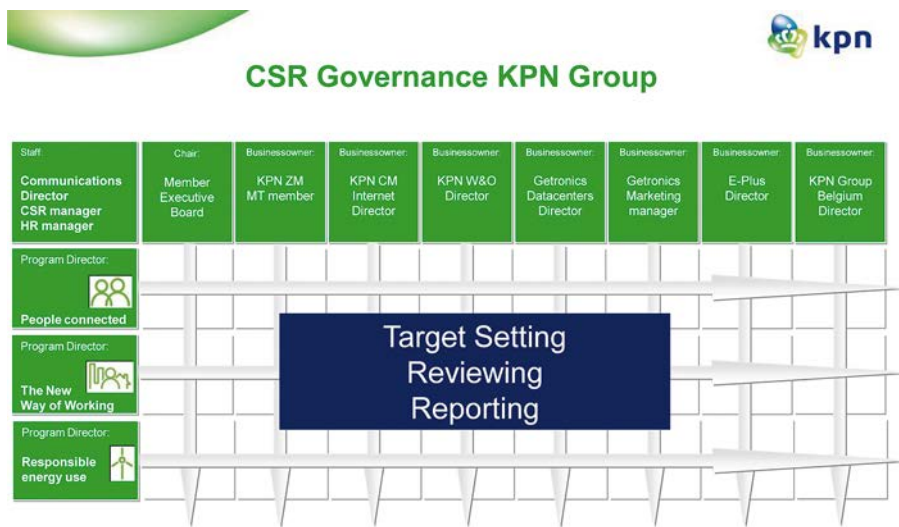
In order to get **people connected**, KPN's Mooiste Contact Fonds ('Finest Contact Fund') helps people in social isolation, such as chronically ill children, autistic youngsters, residents of deprived areas and for people over 80. Since 2008, 5,000 KPN employees volunteered to help vulnerable people make use of ICT to enjoy social contact and participate fully in their community. The My Child Online Foundation helps children and their parents understand the opportunities of new media and it promotes responsible use by youngsters. The Foundation's objective is to improve the quality of online media for children and to help teachers and parents to become more media-aware. A recent award winning project was MyBee, a free children's web browser that allows parents to let their children surf the net safely. KPN promotes the browser among its customers.

The underlying principles in selecting CSR programs are:

1. Inspiring for stakeholders
2. Simple, results driven and measurable (kpi 's)
3. Making use of core competences to fulfill real needs
4. Act first, then communicate
5. Fully compatible with KPN 's corporate personality

CSR Governance.

The CSR policy and targets are set by KPN 's Board of Management and a CSR Steering Committee, which has a coordinating function. Also the Supervisory Board is closely involved in CSR issues. The Steering Committee meets every month under the chairmanship of a member of the Board of Management. Three taskforces, one for each of the three themes, report to the CSR Steering Committee. The taskforces develop new plans and ensure implementation of ongoing activities. The large business groups each have their own CSR Manager and CSR Steering Committee who adapt KPN's CSR policy to their own markets and stakeholders. The CSR Steering Committee reports monthly. Every quarter both the CSR Steering Committee and KPN's Board of Management review progress towards the targets set out in the Sustainability Report. The Board of Management provides the Supervisory Board with twice-yearly reports about CSR policy. The Director of Corporate Communications is a member of the CSR Steering Group and is responsible for the CSR Strategy, the Steering Committee agenda and CSR Reporting. The CSR manager reports to him. The business groups are held accountable for the contents of the programs and their implementation.



CSR governance at KPN (source: internal document)

CSR Roadmap. Critical Success Factors for the CSR Program, which started in 2007, have been the endorsement by top management and the engagement of KPN's employees. Hans Koeleman, Director of Corporate Communications: 'I see CSR as part of our brand positioning. It really shouldn't be a separate subject. It's about what you want to be as a company and what this means for stakeholders. In terms of governance, it has worked very well for us that the responsible Board member for CSR is also responsible for the corporate brand. The visibility of our top management as volunteers in CSR programs has set a great example for employees to get involved. KPI's are important to demonstrate progress you are making in CSR. We saw employee engagement go up by 5% since the beginning of the program. This is remarkable, in times when the company also has to dramatically reduce the number of employees (by 40 % in the period 2004-2009).' So what's next? Koeleman: 'We have booked great results over the past four years, but we have pretty much done as much as we can on a company level. It is now down to the business groups to make CSR efforts land in the business activities. The way forward is to allocate responsibilities for specific corporate themes, in terms of contents/proof points, as well as communications to the Executive Board, rather than to members of the steering group. We currently have three steering groups, one for brand, one for CSR and one for Reputation, which caused overlaps and unclarity. My guess is that Reputation will become the leading one. The fact that, from this year onwards, the Board as well as senior management have reputation and energy use targets as fixed elements in their long term bonus plans, will help'.

CSR as reputation driver

A key reputation driver that appears in every existing reputation management model is corporate social responsibility (CSR). CSR should be conceived as a self regulating mechanism, designed to make a company compliant with stakeholder expectations. A slightly more negative definition is: those activities that have (positive) non-financial impact on society. Some cynics would even ask: isn't this about window dressing? Would a company still undertake CSR if nobody knew about it? In this respect, Wayne Visser PhD (Founder and Director of the think tank CSR International and author of nine books on business in society) makes a plea for a transition from Corporate Social Responsibility to Corporate Sustainability and Responsibility (CSR 2.0), which involves a shift from philanthropic to collaborative, from risk-based to reward-based and from image-driven to performance-driven.

Meanwhile, there is ample evidence that CSR makes perfect business sense. Research shows that companies who have a positive CSR rating outperform the average stock listed companies and show less vulnerability to stock market volatility (source: Mori/BITC report 2008). Increasingly, CSR is integrated into a company's business model and requires the support and involvement of many in the company, if not all, in terms of responsible behavior – as laid down in a company's values and code of conduct. Therefore, it is no wonder that ultimately the CEO bears the responsibility for CSR policy and compliant behavior. CSR policy should be based on the mission, the vision, the heritage, and the core values and

core competences of a company, all matters belonging to the CEO's domain. Particularly in international companies, a CSR platform sets a direction and provides consistency in the choices the company makes and the way employees perform and behave. Alternatively, it can be the CFO who chairs a 'CSR board', as he/she is first and foremost responsible for the disclosure of information and the legally required transparency a company needs to exercise.

A function which should also be part of the internal CSR coalition is Enterprise Risk Management. This discipline, usually reporting into internal audit or corporate control, is typically 'inside-out' focused. By measuring, analyzing and monitoring stakeholder opinion, early signals of both negative and positive stakeholder sentiment can be detected and patterns can be recognized. With these insights, risks to reputation can be averted or at least mitigated. Any risk in the usual risk classification (strategy, compliance, operations, reporting, governance) can affect reputation. When reputation is tainted, it can impact any other risk. Therefore, reputation should be treated as the risk of all risks, the meta risk. By adding the 'outside-in' perspective to the risk management function, the company will obtain a 360 degree view on risk.

If a CSR platform is to successfully act as a catalyst for sound company behaviour and transparent communications, and be perceived by all its stakeholders as credible and authentic, it is important for a company to make the right choices in partnerships and good causes. Successful examples are TNT and the Global Food Program (logistics), KPN's Contact Fund (telecoms; helping socially isolated people) and global dairy company FrieslandCampina (farmer programs in Asia and Africa). These three companies manage to combine their core competence and their contribution to society in a convincing way, involving and benefiting many different stakeholders, not in the least employees.

Case study FrieslandCampina

The company. Royal FrieslandCampina is a Dutch multinational dairy company wholly owned by a dairy cooperative, with 14,800 member dairy farms in the Netherlands, Germany and Belgium. Its products, which are sold in more than 100 countries, include dairy-based beverages, infant & toddler nutrition, cheese, butter, cream, desserts and functional dairy-based ingredients. Key regions are Europe, Asia and Africa. In addition to consumer products, FrieslandCampina also supplies professional customers, the food industry and the pharmaceutical sector. In 2010, sales amounted to nearly 9 billion euros, which ranks the company among the world's top five dairy producers. The company employs 19,000 people in 25 countries.

The promise. FrieslandCampina's promise is to help people move forward in life with natural dairy nutrition. The company wants to respond to the growing demand on the world market for healthy food that is produced in a sustainable manner.

The CSR ambition. FrieslandCampina defines its CSR ambition as follows: 'There is

a fundamental need in the world for nutritious foods. Dairy is one of the most nutrient-dense food stuffs. As an international dairy leader we aspire to demonstrate our commitment to responsible production and leadership in the CSR domain'. The company's vision and ambition are based on its cooperative roots, which go back 130 years. Because the company is directly linked to the dairy cooperative, FrieslandCampina controls the entire production chain from raw milk to distribution. The emphasis of the cooperation with its dairy farmers, who are the company's owners as well as its key suppliers, is on safe food and sustainable operations.



Our CSR Vision: The envisioned future we aspire to create

We foresee a challenging future for a world with 7-9 billion citizens up to 2050. Population growth will require dramatic changes in the way society organises its *feed, food and fuel* production. We aim to play a constructive part in the transition to a more sustainable future with food & nutrition security.

We do not believe in a trade-off between business and society. Societal needs pose business opportunities for growth, efficiency gains whilst solving social and environmental issues:
This is our business case of CSR

Building the business case for CSR (source: FrieslandCampina internal document)

CSR Programs. FrieslandCampina's CSR-policy is based on four pillars, to which targets, KPI's and action plans are linked. The pillars are: health & nutrition (combating obesity and nutrition deficiency), sustainable value chains (improving resource utilization), dairy development (helping farmers in Africa and Asia) and responsible dairy farming (setting the industry standard). For each of the pillars, stakeholder programs have been developed, whereby 'health & nutrition' and 'dairy development' lend themselves best as communications platforms with which to reach out to consumers. The CFO has taken ownership of 'Sustainable value chains' and 'responsible dairy farming' is ultimately the cooperative's (the member farmers') responsibility. The promise of 'Moving forward in life' has different meanings to stakeholders: for the dairy farmers it means an optimal milk price, for consumers high quality, tasty and nutritious dairy products, for employees a great place to work, for customers a unique 'grass to glass' supply chain, for the home markets nature preservation and biodiversity and for communities around the world dairy farming support.

The dialogue with member farmers takes place through active individual counseling, a member magazine, a dedicated website and national and regional meetings following the cooperative governance structure. The company conducts ongoing

research into consumer behavior, the evaluation of products, service and communication as well as their attitudes towards health, nutrition and sustainability. Through consumer panels, product demonstrations and information meetings, constant dialogue is maintained on the various aspects of dairy consumption. The company takes an active role in discussions with the industry, national and local authorities as well as NGOs on important issues such as energy efficiency, sustainable procurement, packaging, waste reduction, transport efficiency and CO2 reduction.

CSR Governance. The responsibility for the CSR-policy lies with the CSR Board, which consists of two Executive Board members, the staff directors responsible for Corporate Public Affairs, Quality, Environment, Sustainability, Legal, Corporate Communication, Cooperative Affairs and Human Resources. The Board is chaired by the CEO. The business groups and operating companies are responsible for the execution of the CSR policy, but 'ultimately it is down to all employees to make it a success'.

CSR Roadmap. The Director of Corporate Communications, Frank van Ooijen, has a dual role and responsibility: he is also the Director of Sustainability. 'You have to make the right choices, based on the expertise and core competences of the company. Otherwise, you cannot make the difference'. Asked where FrieslandCampina currently stands with the implementation of CSR, he says: 'In my view, CSR evolves in four steps, from reputation management to risk management and then on to the stage of adding value and ultimately value creation. Now that this stage has been reached, the business case had been built. I estimate that we are now between stages 2 and 3. But we are making steady progress. This year will see an increase in the number of KPIs and also the reporting on CSR will be further improved, following the Global Reporting Initiative (GRI) standards. The really difficult part is to get all employees engaged. This can be done by creating a framework which involves all related disciplines within the company, by finding your allies in driving CSR within the company. The next step is to develop tailor made sustainability messages relevant to your internal audiences and to demonstrate how CSR can help them in realizing their objectives and mitigating their risks. This can only be brought about by going out and explaining the CSR policy and discussing locally how it can be made relevant on all organizational levels, anywhere in the world.'

The CEO's responsibility

As shown by the case studies mentioned above, a critical success factor for CSR policy and compliance is the endorsement, visibility and involvement of the top management. A recent study by Koenraad van Hasselt, 'Brand and Reputation in the Boardroom', provides some useful insights into the CEO's responsibility for corporate reputation by showing exemplary behaviour and interacting with stakeholders. For the study, twenty Dutch CEOs were interviewed. The results showed that CEOs are totally involved and committed when it comes to reputation. Without exception, the interviewed CEOs stated that they, and they alone, are responsible for the reputation of the company. They feel that it is something that they deal with or have to deal with on a daily basis. Reputational damage, or

the danger of it, occasionally keeps them awake at night. The interviewees cite customer satisfaction and the company's responsible behaviour (= CSR) as factors having the most important effect on reputation, followed by stakeholder relations and the reputation of the business sector. The latter was particularly relevant for the CEOs in the construction and financial sector. Both industry sectors recently suffered a dramatic loss in trust, which made CEOs act more cautiously in terms of their own positioning.

Many a CEO appears to be preoccupied with striking the right balance when it comes to their own profile. The term Celebrity CEO, which never really became commonly used in the Netherlands anyway, is now definitely no longer relevant. Successful CEOs are leaders who set out the course behind the scenes with becoming modesty and ensure that the company moves in the right direction. The Dutch CEO does not see himself as the personification of the company but merely as a passerby allowed to play a prominent role for the company during a specific phase.

Conclusions

Both CSR and Reputation can be the driver for internal business alignment, since both concepts involve a number of internal 'owners' focusing on different stakeholders. Companies with a strong corporate brand (such as KPN), aiming at consumers, tend to take reputation as a leading indicator. Companies with an endorsed corporate brand ('company behind the brand'), such as FrieslandCampina, may prefer to take CSR as a catalyst for internal alignment. CSR and Reputation are inextricably linked to each other: a successful CSR policy and compliance will improve corporate reputation ('delivering on the promise'). A good reputation in its turn will bring value to the company and make it more resilient in terms of crises. At the same time, 'noblesse oblige': a good reputation needs to be nurtured, over and over again, it demands responsible behavior and benefits to all stakeholders, including society as a whole.

The CEO should see to it that an effective governance model for CSR and Reputation is developed, outlining the framework of policies, processes, responsibilities and compliance. In some companies, this role is delegated to a specific board member, usually alongside the responsibility for marketing and/or brand management. Only very few companies embed top management accountability for CSR performance and reputation in KPI's as part of their long-term incentives.

As an important 'stakeholder owner' (e.g. employees, the media, corporate relations etc.), the Director of Corporate Communications is ideally positioned to facilitate the development of a CSR and reputation platform

and facilitate, support and manage its steering mechanisms. Thus, the communications director can play a significant change management role and demonstrate the added value of the communications function in helping the company to achieve its objectives.

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