

CSR: Consistency leads to credibility

Only playing lip service to CSR can cause reputational damage. Integrate CSR with overall strategy to maintain credibility and a competitive advantage.

June 12, 2015

Corporate social responsibility (CSR) and corporate strategy should coexist as parts of an integrated whole. If a company's internal policies are not consistent with its stated social mission, its reputation will be in jeopardy.

In an article on effective CSR, IESE's [José Ramón Pin](#) presents what he calls a "map of organizational consistency" which calls for implementing socially responsible policies throughout the organization, not just when it comes to external activities.

Organizations function according to their own set system for managing people that includes their compensation policies, career-paths and job designs as well as internal communication. Organizations also follow a particular strategy based on their specific economic, cultural, social, political and work environments. Everything must work together harmoniously, as in a well-oiled machine.

Leading by example

If a company's CSR policies are inconsistent with its internal practices, stakeholders will view that company with cynicism. An obvious example is grossly underpaying lower-level employees and then boasting about helping the needy in its CSR initiatives.

Board members should ask themselves if the company's lowest-level wages meet workers' needs and if the salary range (the difference between the top and bottom salaries) is reasonable.

Although the potential implications of the answers may not be easy to deal with, ignoring these issues is to shirk an in-depth CSR analysis.

Another area that should strategically mesh with CSR is job design. In addition to complying with health and safety standards in every position, managers should consider whether they are fostering virtues such as camaraderie. It's inconsistent to talk about solidarity with third parties in CSR while promoting raw individualism within the workplace.

Tasks worth mentioning... or not

On the other hand, certain CSR policies work well to enhance organizational consistency. One example is what's called "corporate volunteering." Donating work hours and corporate resources so that employees can help social initiatives can improve the working environment, strengthen interpersonal relationships and bolster the company's strategy, thanks to the acquisition of skills and virtues by the employees who are volunteering on behalf of the company.

Nevertheless, when it comes to implementing CSR programs in the workplace, executive boards should exercise prudence. For example, corporate volunteering can be useful when designing career paths for executives, as it can help develop a number of virtues that are necessary for leadership. However, the moment external rewards are added, the nature of volunteering gets distorted. For that reason, it is not always advisable to publicize these activities.

Responsible but realistic

At the end of the day, CSR cannot be just an "add-on." It needs to be well thought out by the organization's governing bodies. After all, modifying any aspect of an organization can have a destabilizing effect on its consistency.

Good governance involves correcting each component of the existing structure and readapting it to CSR policies in a way that makes sense with the whole, and periodically reviewing and updating those policies.

A win-win situation

Doing good deeds and making money are not incompatible. CSR initiatives can bolster a company's strategy and strengthen its relationships with customers. Furthermore, having a good reputation is a defense mechanism for dealing with public authorities when necessary.

Corporate social responsibility is credible when it responds to the company's various stakeholders' needs and when it is consistent throughout the organization. And credibility

builds reputation, which becomes a source of competitive advantage. But to reach that point, the CSR must be consistent with the policies, strategy, environment and DNA of the company.

www.iese.edu/insight