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## Necessity is the mother of reinvention

The credit crunch could force businesses to become more hands-on in their approach to corporate social responsibility and so reinvigorate the concept, writes Sally Reynolds

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Society Guardian,

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Sally Reynolds says recession could be the saviour of corporate social responsibility. Photograph: Social Firms UK

Under the clouds of recession, the social in corporate social responsibility (CSR) is in danger of being erased as companies pare down to the bare minimum. Many worthy causes will suffer, but should we blame businesses for putting profits first when facing substantial losses and redundancies? The traditional notion of CSR is dying because it is unsustainable in the truest sense of the word – it simply can't weather the storm.

Businesses should not be expected to fund good causes at a cost to their profits: that would mean fewer jobs and increased poverty. Yet CSR is a malleable concept capable of significant reinvention. It's time for a more robust approach to the idea of companies taking a responsible attitude to society.

Traditionally CSR has been the vehicle of business leaders keen to improve their public image by supporting charities. Until recently this was an easy way of giving something back while winning good public relations, but tough times will force businesses to cut anything that costs too much.

As providing significant funding becomes less practical, those companies with a genuine commitment to CSR must look at their essential operations and see how they can have a more positive impact. Procurement is a good example. All businesses need to procure goods and services. What they choose to buy and where affects wider society. Businesses can use their consumer power to identify and purchase from suppliers that are fulfilling a social mission, for example.

Last December I wrote about a small but growing breed of businesses known as social firms which provide employment for severely disadvantaged people. While utterly committed to community interests and re-investing their profits to meet their social mission, social firms have high standards of business practices and product quality. They provide good products at competitive prices while simultaneously creating jobs for disabled people, the homeless, ex-offenders and those with mental health problems. Partnering with these enterprises can provide commercial benefits with the added bonus of a positive social impact.

The social firm sector now consists of more than 150 enterprises in the UK and many are forming partnerships with large private companies keen to use business as a force for good. To harness this energy and momentum between the corporate sector and social firms, a conference is being held by charity Social Firms UK at the Royal Bank of Scotland Headquarters on November 13.

The event, held in partnership with Big Issue Invest and the RNIB (Royal National Institute for the Blind) hire vision campaign, will urge businesses to:

- buy from social firms and so support them with trade not charity;
- "buddy" a social firm and so allow employees to use their skills and expertise to help it
- start one. The ultimate challenge for high powered business people is to devise a market opportunity for a social firm and get it off the ground. Social Firms UK will help with legal structure, governance and levering in finance.

For CSR to work in a range of economic climates it must offer tangible benefits to the business as well as social causes. High profile companies including IBM are already procuring from social firms while Scotland's leading independent premium spirits company the Edrington Group has outsourced its packaging to social firm Haven Products.

David Donaldson, Edrington's director of supply chain, said:

"Last year, we introduced a supplier award scheme which judges things like quality, delivery reliability, flexibility and other factors like innovation and collaboration. This objective assessment judged Haven to be one of our top five suppliers... it is really good to deal with a company who you can trust and which shares the same values as us. Working with Haven fits our corporate social responsibility ethos very well, in addition to fulfilling an essential part of our supply chain."

The November event will be a good chance for private companies to set up "buddy" partnerships and start their own social firms.

Ironically enough recession could be the saviour of CSR – sweeping aside those flabby and lazy policies that amounted to platitudes instead of real social improvements. If this is to happen CSR must abandon its current position as a bolt-on afterthought and instead become integral to business purpose and strategy. This involves a clear link to business values and culture, strong leadership from the top and the active engagement of stakeholders. Every business could have a double impact if it wanted to.

**#&183;** Sally Reynolds is CEO of Social Firms UK, the charity dedicated to supporting social firms. For more information please call 01737 764021 or visit [socialfirms.co.uk](http://socialfirms.co.uk)

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