

“CSR’s Midas Touch”

Buried Treasure: Discovering and Implementing the Value of Corporate Social Responsibility

By
Caleb Wall

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A review by William C. Frederick, November 2008

This book speaks directly to the business mind—and refreshingly so. It is all about actions that benefit the business firm. It places the profit function front and center as the proper role and duty of business practitioners. Its central message is not clouded by wispy philosophizing or sentimental societal pleadings. Government and NGO functionaries are put in their place as proper aids to, rather than enemies of, corporations that are adjusting with difficulty to the competitive pressures of globalization. Corporate strategy, properly implemented, should leave a company as well off financially, or no worse off, than its competitors, stakeholders, and the general public. Most remarkably of all, this recipe of economic, shareholder, corporate well-being is attributable entirely to—yes, believe it or not—Corporate Social Responsibility! CSR, in this author’s view, is little more than the result of hard-headed managerial thinking about what is in the best interest of the corporation.

Well, you might say, How nice! I didn’t realize it to be so simple. Why didn’t I think about that before he did? Who is this guy, anyway? How does he get that way? Can he be right? Isn’t there more to CSR than corporate gain?

Caleb Wall consults with corporations about their interactions with governments, NGOs, stakeholders, local communities, and the environment. Siberian gold mines, Mongolian start-ups, Tajikistan farmers, several global corporations, UN environmental programs, New Zealand, Pakistan, Uzbekistan, Tonga, and Vanuatu are listed as recipients of his advice. So, we’re not dealing here with a rookie. Maybe he knows what he’s talking about, after all. So, what’s his pitch?

Buried Treasure argues that ‘There’s CSR Gold in Them Thar Hills’ if you just know where to look and how to dig it out. The divining rod is simple common sense—the managerial equivalent of workplace practicality—bearing in mind that the public corporation’s primary, central function is to produce products and services for a profit. Borrowing a well-known point from Adam Smith, Wall believes private gain can produce public benefit, although one must beware the pitfalls of unchecked greed. But wait! there’s more to it than that: “No longer is it acceptable to talk purely in terms of shareholder returns and stock market value. Rather companies need to create value for society.” Ah, there’s the CSR gold: *creating value for society*. OK, now we’ve found the buried treasure, how to dig it out?

Although a review's brief summary makes Caleb Wall's approach sound a bit formulaic, he calls for corporations to engage in a 6-stage action program. At every point, he speaks to business practitioners in language easily and directly translatable into the practicalities and operational demands of corporate/workplace culture. Pragmatic pathways are required if firm-threatening problems loom ahead. Long-term survival is at stake. Don't just sit there, do something—and do it now, before it's too late. Nothing very sentimental or philosophical about all this. Just plain practical problem solving.

- **Stage 1. Leveraging the company's core competences.** That's fancy talk for figuring out what you do well, avoiding what you don't do well, and not going overboard in the name of corporate do-goodism (which he calls "cookie-cutter CSR"). "Responsive CSR" means realistically acknowledging company impacts on stakeholders and society, complying with the law, and accepting responsibility for those impacts where negative. A step beyond is "Strategic CSR" that looks for opportunities to create shared values for company and society—but only if the firm possesses the actual capacity and skills to carry it off. Case study: Anglo American – Zimele.
- **Stage 2. Collaborate based on common values.** Because many complex societal problems often outstrip a firm's business expertise—think of global poverty, ecological disasters, massive viral epidemics—then external partners will be needed as collaborators. Public-private partnerships, multi-stakeholder coalitions, ad hoc cooperation, contracting, NGO agreements, UN agencies, civic groups—all of these are potential collaborators. The goal: to identify common interests, values, and purposes that will promote reasonable solutions to problems arising in the firm's operating environment. "Common values" have no single meaning but can emerge from dialogue and mutual respect that collaborators develop for each other. Case study: AMAC & Montana Exploradora.
- **Stage 3. Operate globally – impact locally.** A newish CSR mantra that counsels global corporations to pay attention to their impacts on smaller, local, often poverty-ridden communities. Serving the under-served "bottom billion" consumers, creating local jobs, spurning corruption, offering career opportunities, working with local suppliers, strengthening local governments and education—all of these positive "localisations" are within practical reach of any global company. Case study: Gildan.
- **Stage 4. Evolution to revolution.** CSR can, and does, occur incrementally by staying within shareholder/stock-value limits while engaging with stakeholders and obeying the law. One could call this the Milton Friedman formula; Caleb Wall calls it evolutionary innovation. But the public now demands revolutionary innovations to attain even greater levels of CSR by addressing planetary-level issues. Corporations need to build these larger issues into their strategies and goals, using all of the techniques and approaches featured in Stages 1, 2, and 3 above. Not to do so threatens, not just a firm's competitive strength but its long-run future. Case study: Scandic Hotels & *Omtanke*.
- **Stage 5. Governments and the changing business climate.** Government's role in promoting CSR is to work with, not against, business through incentive structures that facilitate shared value creation. These include tax and accounting rules making

it easier for business to undertake needed social initiatives. “Flexible regulation” is preferable to mandated social goals. Environmental pricing, social investment incentives, and fair-trade/eco-friendly labeling schemes have potential for enhancing CSR. Case study: Electric waste policy in Norway.

- **Stage 6. Non-governmental organizations.** The author’s message to business: NGOs are here to stay, and there are plenty of them, so get used to it. Working with them is better than having them in your face. Know the difference between operational NGOs and advocacy NGOs; the former have programs to promote some social goal; the latter agitate for awareness of a preferred social issue. Choose as partners those NGOs whose goals fit reasonably well with a firm’s business goals, with the aim of creating social value for both parties. Case study: Turner Broadcasting Europe.

Will it work? The author is hopeful: “Creating shared value is not easy, but it is the best solution for the problems we face today as businesses and as a society. If properly implemented, the shared value approach can deliver returns to businesses, society and the environment.” So speaks the voice of experience, someone who works directly with corporations to extract CSR’s buried treasure from beneath the overburden of single-minded profit seeking.

Caleb Wall’s argument should not be equated with the standard “business case for CSR,” although there are similarities. Nor should it be seen as a sell-out to overweening corporate influence on public policy, although he teeters uncomfortably close at times. He tells corporations up front they need to come to terms with a wide range of CSR-type issues and problems, if they themselves are to survive as healthy and profitable businesses. He favors wide leeway to companies in identifying and implementing CSR actions tailored to their central profit goals. His 6-stage model is thoroughly pragmatic, which is its principal appeal to the executive mind. Such an approach may well be the only workable way to recruit business talents to the cause of Corporate Social Responsibility, as corporate leaders acquire the Midas touch that transforms business profit seeking into CSR gold.

All in all, *Buried Treasure* is a handy, clearly written, practical guide for improving and securing any company’s CSR activities. Have a look. Give it a try.