

Primark corporate social responsibility essay sample

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UK: Primark cuts three suppliers following child labour claims A News item from Business Respect, Issue Number 130, dated 17 Jun 2008 UK clothing retailer Primark has ended its contracts with three suppliers in India following allegations channelled through a BBC documentary that they used child labour to finish garments with embroidery and sequin work. The company said that the work had been improperly sub-contracted against the company's code of conduct, and it had taken action accordingly. It said that the clothes affected accounted for around 0.04% of its product sourcing.

Primark's code completely forbids the use of child labour in its supply chain, whether directly by immediate suppliers or further down through sub-contractors, and has said that it is one area where it will take immediate action to terminate relations with suppliers if they are found guilty of substantive breaches and are unwilling to make quick changes.

One of the suppliers in question attacked the move, saying that the BBC coverage had painted a distorted picture, and would now damage livelihoods through the cancellation of orders. A Sakthivel, president of Tirupur Exporters Association, told Newindpress.com that a local NGO had dramatised the story for its own purposes. He said that the light hand-work had been given to a Sri Lankan refugee family at a camp in Bhavani to augment their income.

UK: Primark pulls from PR Week event following protest threats A News item from Business Respect, Issue Number 141, dated 21 Nov 2008 Strategy decision Fashion retailer Primark has pulled a presentation it was due to make at a PR Week conference following news that campaigners were

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targeting the event for anti-Primark protests. The company had been intended to highlight how it had survived bad publicity when TV broadcasters highlighted child labour in its supply chain. Campaigners ' Labour Behind the Label' and ' Blood Sweat and T-Shirts' celebrated the move, saying that they had changed the company's message from one of ' we won' to one of ' we're on the run'.

The TV programmes had shown children sewing sequins onto garments which were subsequently identified in Primark stores. The company created some controversy when it immediately delisted the suppliers concerned.

A recent poll of British shoppers suggested that the company was now regarded by those who cared as the least ethical big name retailer on the high street. However, changing behaviour in the face of economic recession has favoured heavy discounters such as Primark, and suggests that at the moment rather fewer care about the revelations of child labour than UK: Primark hit with new accusations on supply chain

A News item from Business Respect, Issue Number 145, dated 12 Jan 2009 Low cost retailer Primark has said it is investigating claims that one of its UK suppliers, TNS Knitwear, has been employing illegal immigrants from India, Pakistan and Afghanistan and paying workers well below the legal minimum wage for 12 hour days, seven days a week. The supplier, which provides tens of thousands of garments to Primark per week, would face fines of up to 10,000 UK pounds for each illegal worker if the breaches were proved. The company denies the allegations.

Primark was previously the target of allegations that its foreign supply chain contained child labour. The company responded by breaking relations with several suppliers - a move which was criticised by some campaigners.

Bangladesh: Primark and other UK retailers accused of suppliers paying 'starvation wages' Remedy

A News item from Business Respect, Issue Number 142, dated 6 Dec 2008 Primark, the cut price retailers recently voted as the 'least ethical high street retailer' was under fire again with protests around its AGM making claims of supplier's workers being paid as little as 7 UK pence per hour and denied union representation. Campaign group War on Want said that it had carried out a survey of 115 workers from six factories, and found an average wage of 19 UK pounds. It also believed that similar conditions existed at factories providing goods for Asda and Tesco.

Primark contested the claims, and said that its supply chain raised living standards by providing employment.

The company recently pulled from a presentation to the PR Week conference where it was due to talk about how it had emerged from the crisis of bad publicity when it was featured in a television documentary selling products that had had the involvement of child labour. It withdrew when it became clear that protests were planned around the conference targeting the company. Primark drops three Indian suppliers for using child workers The low-cost British fashion retailer Primark has dropped three of its Indian suppliers for sub-contracting embroidery work to companies which use child

labour. All orders with the firms, based in the southern state of Tamil Nadu, have been cancelled and all clothing supplied by them has been removed from Primark's 170 UK branches. Associated British Foods, which owns Primark, said: " We take this lapse in standards very seriously indeed. Under no circumstances would Primark ever knowingly permit such activities, whether directly through its suppliers or through third-party sub-contractors." Related articles

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The infringement of the company's ethical sourcing code only came to light because of a BBC documentary to be screened on Monday. The Panorama Special is the second television programme this month to look at sweatshops used by the chain. Channel 4's The Devil Wears Primark - allegedly a hard-hitting exposé of cheap clothing outlets - was pulled from the schedules two weeks ago. Primark stressed that it had taken swift action as a result of the investigations. " As soon as Primark was made aware of the facts, the company acted immediately, cancelling all new orders with the factories concerned and withdrawing from sale the embroidered garments involved," it said. George Weston, the ABF chief executive, added that Primark " would normally work with suppliers to fix practices we don't like", but that the three suppliers in Tirapur had been guilty of " wholesale deception". Such robust condemnations are a sign of the public relations issues raised by offshore manufacturing. In response to growing public repugnance at sweatshop labour, ethical concerns have shot up the retail agenda.

All members of the British Retail Consortium, which represents 80 per cent of the country's retailers, have signed up to the independently audited Ethical Trading Initiative. The code of practice covers such issues as the free choice of employment, the right to collective bargaining, safe working conditions and payment of a living wage. "The ideas that workers in these countries are worse off because British companies are doing business with them is just wrong," said a spokesman for the BRC. "These are attractive jobs, which are well paid, and that is why people choose to do them." Ethical concerns are by no means restricted to retail. Some 90 per cent of FTSE 100 companies produce an annual report on corporate responsibility every year, including an external assurance statement auditing performance. "Corporate responsibility creates shareholder value because being cognisant of what stakeholders demand, and responding to them, is good for business," said Mike Barber, a partner at Deloitte.

Primark is Britain's second-largest clothing chain and, with T-shirts priced as low as £1, almost its entire stock is sourced from Asia. The company says its low prices are made possible because it has a lower mark-up than its competitors. The intuitive link between cheap products and exploitative practices no longer stands up, according to Mr Barber. "Cheap goods may, at first sight, seem to conflict with ethical sourcing, but studies show that if a company sources responsibly it is likely to get suppliers that produce quality goods, on time and enhance the value of the brand. It is too simplistic to say cheap has to mean cutting corners." But campaigners say ethical sourcing codes are barely worth the paper they are printed on, and without

Government involvement to force changes in business models the problems of exploitation will never go away.

Not only is the current situation no better than it was before the recent rash of corporate responsibility-taking, but in some ways it is made worse by the veneer of progress, according to Simon McRae, a senior campaigner at War on Want. Constant pressure on offshore suppliers forces compromise on ethical standards, and, with only a voluntary code, relying on infrequent audits, to protect them, factory workers in the developing world remain exposed. “ The problem is companies are saying to their customers that they are treating their workers ethically, but then they say to their suppliers that they want to turn things around quicker and they put pressure on prices, and that leaves them looking to other means to fulfil the orders,” Mr McRae said.

Workers need a developed employment infrastructure - including trade union representation and proper education about their rights. “ There is a systemic problem, and, whilst it is great in theory to have a code, unless retailers work to enforce it and deal fairly with their suppliers rather than just squeezing them the problem will just reoccur,” Mr McRae said. “ We have to address the business models and the way the sector is regulated or these issues will not go away. Companies can’t rely on a once-a-year audit.”

Jeremy Warner’s Outlook: Primark gets a touch of conscience

Corporate social responsibility (CSR) is an ugly phrase to describe a worthy but important cause. Gone are the days when all the chief executive had to do was worry about the bottom line. Many investors, and indeed customers,

now require him to factor in wider social responsibilities too. These are no longer thought the sole responsibility of government. CSR imposes a duty on companies, beyond statutory obligations, to improve the quality of life for employees and their families as well as for suppliers, the environment, the local community and society at large. Some companies are better at it than others. Now up pops Primark, purveyor of fashion clothing at prices so cheap you wonder how it does it, to say it is sacking three of its Indian suppliers because they failed to comply with its ethical code on child labour. Related articles

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The suppliers were apparently sub-contracting to smaller firms, which were using child workers to carry out embroidery and sequin work. All three were unco-operative in admitting the practice or refused to take remedial action. An act, then, of selfless conscience by Primark? Well perhaps not quite. Primark took the action only after its attention had been drawn to the problem by the BBC, whose Panorama programme has been investigating the use of child labour in India for some months. Primark, part of Associated British Foods, is also the subject of an unshown Channel 4 documentary - The Devil Wears Primark - which promised to lift the lid on how it is that Primark manages to be so cheap. Primark claims it was on the case before the beavering journos came along, and that its low-cost business model is in any case not based on paying suppliers the lowest possible price, but rather on economies of scale and keeping marketing spend to a minimum.

These are difficult waters because, whatever your point of view, the £700m that Primark spent last year on supplies from the developing world is hugely important to these regions. The wages may seem little more than slave-labour rates, by Western standards, but on the whole they are better than the alternative of agricultural labouring. Many workers count themselves lucky to find employment in the clothing sweatshops of Asia. Nonetheless, globalisation has allowed Western companies to reintroduce Victorian standards of worker exploitation by tapping into Asia's vast resource of under-utilised labour. Yet at the same time, they also help to bring about real improvement by insisting on standards of pay, health and safety, and employment practice that would not otherwise be followed.

As I say, difficult waters. In the end, we get the companies we deserve and it is perhaps the case that we cannot have both cheap foreign imports and an entirely guilt-free conscience. Like all ethical behaviour, CRS comes at a price. The developing world wants a more equitable share of the cake and, as occurred in Britain during the Industrial Revolution, that ultimately means paying workers more. We are already seeing the consequences in higher energy and food prices. The age of the £2 T-shirt, along with £1-a-litre petrol and constantly deflating consumer electronics prices, may already be gone for good. The present squeeze in living standards may be a more long-term phenomenon than was thought.

Primark is under fire after a BBC Panorama investigation alleged the company had been using suppliers that made clothes through child labour. Primark reacted quickly by conducting its own investigation and immediately

axing three of its south Indian suppliers. But protesters still gathered at its flagship stores. The media reaction?

Primark, owned by Associated British Foods, has become something of a sacred cow of the high street - and the media love to make mincemeat. Despite its early press release reports, the company was under attack and articles looking at its overall record hit the business pages and the front pages of the nationals. Who are the PR players?

Primark famously eschews PR, one of the few high-street brands to do so. Its parent company's head of external relations Geoff Lancaster keeps a 'softly softly' approach, and the firm's positive trading has kept the media largely on side. But with the possibility of being caught in a media maelstrom, Associated British Foods' City agency Citigate found that it was called upon to work a bit of overtime and prepare the Primark statement. Anything to learn?

Even companies whose figures are robust can still come under fire. Primark's lack of focus on CSR - it doesn't do much media-facing work to highlight any progress in that area - gave it little ammunition to say 'we're not usually associated with this sort of thing; in fact, quite the opposite'. The value of corporate CSR has never been more starkly shown.

Having just got back from the UK, I have been staggered to see how much has been in the press there over the BBC investigation that alleged the company had been using suppliers that made clothes through child labour. Primark reacted quickly by conducting its own investigation and immediately

axing three of its south Indian suppliers. But protesters still gathered at its flagship stores. What I am surprised about is that no one seems to be asking about the children. Does Primark know what they are doing now that they have lost the company's business? Does it care? Indeed does Primark even care about CSR? This report is interesting in saying that Primark's lack of focus on CSR gave it little ammunition to say 'we're not usually associated with this sort of thing'. The value of corporate CSR has never been more starkly shown and Primark has been caught with its pants down, as it were. After the gold rush

<http://www.ethicalconsumer.org/CommentAnalysis/CorporateWatch/primark.aspx>

Primark hit the headlines in June 2008 when the BBC's Panorama exposed child labour in the company's supply chain in Tirupur, India. Ewa Jasiewicz visited Tirupur after the crisis had died down to assess the results of the Panorama campaign.

At first sight, Tirupur doesn't look like an international fashion capital.

It doesn't feature in any guidebook or tourist map. There is no savvy introduction to this, the textiles capital of India, home to 500,000 garment workers employed in the cutting, sewing and dyeing of millions of garments every year.

Panorama's investigative journalist Dan MacDougal broke the story after posing as a buyer to enter the Bhavansigar refugee camp, 70 miles north of Tirupur. Here he found Tamil children as young as nine and women homeworkers sewing sequins onto Primark garments in cramped, dark rooms

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for little pay and no job security. Primark immediately denied all knowledge of these poor conditions and the use of children in their supply chain and sacked at least three suppliers for breach of trust. Local sources say hundreds lost their jobs. Primark refused to take responsibility or compensate those sacked. NGOs were outraged and the area was a media circus for weeks.

No child labour here

The Tirupur Exporters' Association, representing 70% of regional exporters, played down the scoop. Speaking from his office in a leafy suburb, TEA Executive Secretary Mr A. Sakhtival claimed that the children were "just helping their parents after school", that the story had the hand of the NGOs in it. He told the media unequivocally: "There is no child labour in Tirupur."

Local trade unions too were quick to attribute the scandal to NGO interference and claimed to know nothing of any job losses. The President of the Centre for Indian Trade Unions, which represents just 10,000 workers in the area yet regularly negotiates wage deals with the TEA, told us: "We have no information about Primark, we have heard nothing about it".

However, a trade union official from the area did tell UK NGO Labour Behind the Label that at least one and possibly two factories had closed as a result of the exposure.

Mary is a case worker and psychologist with Indian NGO SAVE (Social Awareness and Voluntary Education). SAVE has been working to eradicate child labour since 1994. The organisation runs education and rehabilitation

schemes as well as homes for former child labourers and orphans. SAVE's case workers participate in factory raids. According to Mary they find an average of 250-300 children per year working in small subcontracted workshops and factories. Mary laughs at the Tirupur Exporters' Association's claim of there being 'no child labour in Tirupur'. "They cannot say simply that there is no child labour, we are living with the legacy of it. We see the effects of it every day with the children that we look after."

Panorama's scoop on child labour was not the first story to identify child labour in Western supply chains. 1992 saw the Daily Mail break a story on C&A, prompting the company to sack subcontractors. The BBC reported children sewing footballs in Uttar Pradesh in 1998 for Nike, Channel 4 alleged child labour in Tesco's supply chain in Bangladesh in 2006, and Gap ran into controversy in 2007 over child labour used by subcontractors of its suppliers.

So why does this keep happening? Beyond the periodic scoops, what are the structural factors that enable child labour and labour exploitation to continue?

Pressure on price

The answers lie in the structure of increasingly globalised production chains. Retailers in the UK are pushing business risks down their supply chains, constantly looking to source their products faster and at a lower cost. In these circumstances, ensuring workers have decent labour standards is far from a priority.

Tirupur has approximately 1, 000 exporters, 6, 000 factories and 5, 000 subcontractors. The pyramid of production begins with a minority of large factories employing 1, 000 workers or more per unit. These are the tip of the iceberg. Often complying with basic health and safety standards, some have union recognition, and most are audited by their buyers. These are the visible, ' open-gate' factories that can pass basic audits, and tick most of the boxes when it comes to minimum standards.

These are followed by smaller enterprises, with variable conditions, audited less frequently if at all, and employing between 100-200 workers, mostly on a casual basis or short term contract. When orders are low many are unemployed, but during peak times can be compelled to work up to 24 hours a day.

These businesses then subcontract to a variety of workshop subcontractors which can in turn subcontract to an ever-widening base of increasingly invisible workers, from smaller and smaller units to the very bottom of closed-door home working, typically involving families in their own homes, spanning whole neighbourhoods, and working all hours to finish garments to meet ever-more competitive deadlines.

Home work or factory work?

So would a more an integrated, centralised production process, with work done under one roof be any better? And how would this impact on workers?

Ruth Bergan, of Home Workers Worldwide, argues that it is highly unlikely integration of this kind would ever happen in practice. “ The demands of the

retailers are driving the shape of the industry – to meet large orders at short notice, suppliers often have no choice but to use subcontractors. It is also important to recognise that home working is an integral part of many production chains, both in the UK and internationally and is often one of a very few options open to women workers, particularly where they are tied to the home by caring or other responsibilities.” She argues that integrating production in this context would take work and vital income away from them. “ Companies need to recognise home working in their chains and take steps to ensure they have decent working conditions.”

Breaking the chains

So how can the chains of child labour and labour exploitation be broken?

Primark claims that it is ‘ impossible’ for any buyer to have an oversight of its entire supply chain. “ It’s very difficult to identify abuses particularly with subcontractors when your contract with the supplier is so distant,” explains Geoff Lancaster, Head of External Affairs at Primark.

Asked whether the company could use its economic power in the region to advance reform of supply chains, Lancaster believes these structures are an inherent part of the majority world and that Indian workers cannot expect the same standards as Western workers. “ This isn’t really a practical suggestion. The situation on the ground is extremely complicated, the supply chain is riddled with manufacturers, homeworkers, dominated by deregulated activity, it would be very difficult for the suppliers to change that structure. I recognize the logic but we are talking about the developing world which is far from ideal. You’re trying to revolutionise a traditional

socio-economic situation built up over decades and trying to apply Western ethical standards into a socio-economic model which doesn't quite fit."

Ruth Bergan, of HomeWorkers Worldwide challenges these claims, " Supply chains are increasingly complex, but this is a relatively recent development which is happening because companies in the UK and elsewhere are engaged in a ' race to the bottom' for cheaper, faster products."

A. Aloyisuoius, Director of SAVE and convenor of the Tirupur People's Forum (TPF) - a coalition of NGOs, academics and local organisations - believes change is possible. He believes Primark should re-employ the three terminated suppliers and take responsibility for all workers who produce for them. " The TPF doesn't believe that sacking these workers was fair - Primark should not cut and run. There was no consultation with local NGOs or unions when this happened and this needs to change. If we work together we can make real improvements on the ground."

Cutting and running

Internationally, Labour Behind the Label have joined local NGOs in urging Primark not to ' cut and run'. " The jobs Primark have put at risk through their action, may be the only things keeping these workers and their families from starvation," states Sam Maher, " If Primark is the ethical company it claims to be, it would put more energy into ensuring these jobs were carried out in decent conditions and for wages that provided a dignified standard of living."

Yet Primark has called compensation for the affected workers ' impractical'. Locally, the Tirupur Exporters' Association wants companies like Primark to muck in and share the costs of cleaning up the industry. But Primark is already sharing costs according to Lancaster. " Unlike a lot of our competitors, we pay for the cost of auditing our suppliers and we conduct remediation programmes."

For Labour Behind the Label, the claims of Primark are not enough. " Paying for audits that fail to register many of the most serious rights abuses is not the same as paying prices that allow for living wages, supporting workers to join unions, listening to them when they speak out and ensuring their buying practice doesn't contribute to excessive overtime and insecurity of work."

At the grassroots, the TPF is calling for a multi-stakeholder dialogue and ' mechanism', involving employers, unions and NGOs. Their vision paper states, " Periodical international reporting of the processes initiated by this mechanism will safeguard the garment industry's global market and subsequently the livelihood of thousands of workers." TPF wants the committee to monitor all aspects of production. The vision statement is directed at the key local powers - the employers, in particular the Tirupur Exporters' Association and buyers such as Primark.

Crisis over?

For now, Primark believes the child labour scandal is dead. So much so that Geoff Lancaster is to present at PR Week Magazine's conference this

November on how the firm defended its reputation over the Panorama scoop.

But the human rights crisis continues, whether the media or Primark are watching or not. And the structures which allow for child labour to happen in the first place remain unchallenged, meaning more 'scandals', crises and media gold rushes in the future. In the meantime, it is up to organisations on the ground like SAVE, the Tirupur People's Forum and internationally, Labour Behind the Label, to keep picking up the pieces and pushing for change. And it is also up to us to keep looking, to resist 'scandal fatigue' and to fight for the human rights of those who produce the clothes we wear so that the industry fundamentally changes.

CSR & corporate brands

Brands today are one of the key focal points of corporate success.

Companies try to establish popular brands in consumer minds because it increases leverage, which is directly reflected in sales and revenue. All aspects of a company's operations today feed into helping build the corporate brand. Crucial is how a brand is perceived by all stakeholders. Three benefits in particular indicate the positive value for a company in striving to remain in tune with the community within which it is based by implementing a strong CSR policy: • Positive marketing/brand-building – BP

BP, with a \$200 million re-branding exercise, has effectively re-positioned itself as the most environmentally sound and socially responsible of the extraction companies. The company stands in stark contrast today with

Exxon Mobil that faces on-going NGO (Non-Governmental Organization) attacks, consumer boycotts, and activist-led litigation because of its decision to fight the environmental movement, and its failure to recognize the wider importance of CSR as a corporate strategy.

- Brand insurance - NIKE

NIKE has emerged as one of the most progressive global corporations in terms of CSR because it has learned from its past mistakes and attacks by NGOs. As one of the first corporations to have a Vice-President for Corporate Responsibility and to publish an annual CSR Report, the company has done a lot to mitigate public opinion, establish its brand as representative of a much more committed corporate citizen, and 'insure' itself against any repeat of the consumer boycotts it faced in the mid-1990s.

- Crisis management - Johnson & Johnson

Johnson & Johnson's transparent handling of the crisis facing its Tylenol brand in 1982 is widely heralded as the model case in the area of crisis management. J&J went far and above what had previously been expected of corporations in such situations, instigating a \$100 million re-call of 31 million bottles of the drug following a suspected poisoning/product tampering incident. In acting in the way it did, J&J saved the Tylenol brand, enabling it to remain a strong revenue earner for the company to this day.

Business Case for CSR

Corporate social responsibility is about the integration of social, environmental, and economic considerations into the decision-making

structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges. It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. It is about not only complying with the law in a due diligent way but also about taking account of society's needs and finding more effective ways to satisfy existing and anticipated demands in order to build more sustainable businesses.

Ultimately, it is about delivering improved shareholder and debtholder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term. Is there a business case for CSR, and if so, what is it? While there are different ways to frame the benefits because they are interrelated, they generally include the following: * stronger financial performance and profitability through operational efficiency gains * improved relations with the investment community and better access to capital * enhanced employee relations that yield better results respecting recruitment, motivation, retention, learning and innovation, and productivity * stronger relationships with communities and enhanced licence to operate * improved reputation and branding

Stronger Financial Performance and Profitability

Businesses can use CSR and corporate sustainability to produce direct benefits for the bottom line. For example, operational efficiencies can be achieved through reducing energy and materials as input factors for

production. Wastes can also be reduced and materials can be recycled. These sorts of actions from eco-efficiency can produce concurrent environmental and economic benefits for the company and thereby contribute to stronger financial performance and more positive profitability. Operational efficiencies can be achieved in other facets of CSR such as streamlining the way that information is provided to the investment community as well as to other stakeholders that demand increased transparency.

Managing potential risks and liabilities more effectively through CSR tools and perspectives can also reduce costs. Using corporate responsibility and sustainability approaches within business decision-making can result not only in reduced costs but can also lead to recognizing new market opportunities such as when new manufacturing processes are developed that can be expanded to other plants, regions or markets. There are various studies that have examined the relationship between CSR and corporate financial performance and most of the evidence suggests that the links are positive. Improved Relations With the Investment Community and Better Access to Capital The investment community has been exploring the links between corporate social responsibility and financial performance of businesses. There is growing evidence (through indices such as the Dow Jones Group Sustainability Index (DJGSI), the FTSE4 Good indices, and the Jantzi Social Index) that companies that embrace the essential qualities of CSR generally outperform their counterparts that do not use features of CSR.

This information is being translated into action within the investment community (e. g. with creation of funds such as Socially Responsible Investment, Domini Social Equity Fund, EcoValue 21). An increasing number of mutual funds are now integrating CSR criteria into their selection processes to screen in sounder companies and/or screen out businesses that do not meet certain environmental or social standards. Thus, a CSR approach by a company can improve the stature of the company in the perspective of the investment community, a company's stock market valuation, and its capacity to access capital from that community. Enhanced Employee Relations, Productivity and Innovation

A key potential benefit from CSR initiatives involves establishing the conditions that can contribute to increasing the commitment and motivation of employees to become more innovative and productive. Companies that employ CSR related perspectives and tools tend to be businesses that provide the pre-conditions for increased loyalty and commitment from employees. These conditions can serve to help to recruit employees, retain employees, motivate employees to develop skills, and encourage employees to pursue learning to find innovative ways to not only reduce costs but to also spot and take advantage of new opportunities for maximizing benefits, reduce absenteeism, and may also translate into marginally less demands for higher wages. Stronger Relations Within Communities Through Stakeholder Engagement A key feature of CSR involves the way that a company engages, involves, and collaborates with its stakeholders including

shareholders, employees, debtholders, suppliers, customers, communities, non-governmental organizations, and governments.

To the extent that stakeholder engagement and collaboration involve maintaining an open dialogue, being prepared to form effective partnerships, and demonstrating transparency (through measuring, accounting, and reporting practices), the relationship between the business and the community in which it operates is likely to be more credible and trustworthy. This is a potentially important benefit for companies because it increases their “ licence to operate”, enhances their prospects to be supported over the longer term by the community, and improves their capacity to be more sustainable. Companies can use stakeholder engagement to internalize society’s needs, hopes, circumstances into their corporate views and decision-making. While there are many questions about how far a company’s responsibilities extend into communities relative to the roles of governments and individual citizens, there is a strong argument that CSR can effectively improve a company’s relations with communities and thereby produce some key features that will improve business prospects for its future Improved Reputation and Branding

A potential benefit of CSR is that it can improve a company’s reputation and branding and this in turn improves the prospects for the company to be more effective in the way that it manages communications and marketing in efforts to attract new customers and increase market share. CSR as a concept with various tools can help a company to position itself in the

marketplace as a company that is more responsible and more sustainable than its competitors. Note: A Word on CSR as an Investment

CSR can be viewed by businesses as a form of investment that helps to differentiate a company and its goods and services. What then is the right way to look at CSR as an investment – particularly given that it frequently involves intangible and less quantifiable domains. The bottom line is that a prudent business may tend to regard CSR in the same way it treats most investment decisions. It would be inclined to use the same systematic approach to assess the anticipated benefits and related revenues relative to the costs that it employs for investment proposals. A rigorous and systematic approach to CSR investment is likely to yield the most positive results for both the business and society as it is likely to demonstrate the most efficient allocation of resources from the perspective of both the firm and society. There are many different areas where a firm can invest to develop CSR attributes (e. g. human resource management, environmental protection, health and safety, community involvement, etc.). Investment decisions on CSR need to take account of various factors and parameters as well as the anticipated cost and benefit stream to be produced by the investment.