

Beyond Compliance

Businesses can't sit around and expect governments to provide the framework for a new way of doing business. Mark Goyder explains why to **DICK O'BRIEN**

We believe that for companies to succeed into the future, they must play a greater role in contributing to solving the problems that society faces, including environmental degradation, poverty and the abuse of human rights." While you could be forgiven for thinking that these words come from a charity or lobby group, they actually stem from a group of chief executives. They are the opening words of a report entitled 'Tomorrow's Global Company', which brought together bosses from multinational companies such as ABB and BP.

The report was organised by Tomorrow's Company, a UK-based practice which acts as a facilitator for business leaders to discuss CSR issues and publish their conclusions. According to founding director Mark Goyder, businesses have become far more conscious of their impact on the global community and the need for change. "It is becoming clear that the current frameworks under which the market operates are leading to unsustainable outcomes," said Goyder, who recently visited Dublin to address Business In The Community's annual chief executive networking event.

Diagnosing the problem is the easy part and the prescription involves companies themselves taking the initiative. According to Goyder: "The difficulty is the lack of a simple governance framework globally. Global companies are powerful institutions but they're not controlled by a global regulator. What the report says is that you can't even sit back and wait for something to emerge from a WTO or UN-like body. Big business has to be proactively involved in shaping frameworks."

Consumers are also adding momentum for change. "I heard Terry Leahy of Tesco speak recently and there is no doubt that the changing expectations of customers are driving him. The same goes for Marks



Mark Goyder: "The issue is trust"

& Spencer and a large number of other companies. On the other hand, we also had oil companies involved in this study and they will tell you they have difficulty

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persuading motorists to pay 2c more on a litre of petrol that is more environmentally friendly. In the end, it's a combination of consumer attitudes and fiscal framework. Governments have got to push business in the right direction and we are increasingly willing to be pushed. But you also need the pull of customer pressure for things to change," he added.

Goyder says that there are two views of CSR. One is to see CSR as the expression of a company's purpose and values in all its

relationships. Goyder calls this conviction or values-led CSR. The other way of understanding CSR is to see it as a process by which companies are required by social pressures to comply with a widening range of social expectations. Goyder terms this as compliance CSR. He explained: "My worry is that the CSR which is emerging looks more like compliance CSR than conviction CSR. Only a minority communicate a clear sense of the strong purpose and values that differentiate a company from its competitors. The willingness to be accountable can so easily degenerate into telling every stakeholder what he or she wants to hear.

"The suspicion grows that CSR's victory has consisted more of winning the silence of its sceptics than the affirmation of those who can weave it into everyday business practice. The unique purpose and values of each company and not the expectations of society, are the only enduring foundations for CSR. The issue, ultimately, is trust. It is the task of leaders to inspire and lay the foundations for trust," said Goyder.