

IT IS NOT GENERALLY KNOWN THAT THE ACTUAL VALUE OF A COMPANY HAS, OVER TIME, GRADUALLY SHIFTED AWAY FROM THE BALANCE SHEET, AND HAS BEGUN TO INCLUDE ELEMENTS, SUCH AS STAFF MOTIVATION, THE COMPANY'S SOCIAL AND RELATIONAL CAPITAL, THE INTELLECTUAL SKILLS OF ITS WORKERS, A PRIDE IN BELONGING, THEIR LOYALTY TO THE INSTITUTION OR ALIGNMENT WITH THE COMPANY'S MISSION AND AIMS. THIS IS WHAT IS KNOWN AS CORPORATE SOCIAL RESPONSIBILITY.

CSR in times of crisis

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The question being asked in the media today is what will happen to CSR now that the crisis is upon us. Now that building sites have ground to a halt, unemployment is on the increase and the Spanish finance minister, Pedro Solbes, is beginning to whisper softly that the economy could slide into recession over the coming months. Well, the truth of the matter is that as far as CSR is concerned, nothing will happen, or to be more precise, the same as happens to the departments and functioning of a company when it is time for a little belt-tightening. You tighten your belt, and carry on.

The confusion in the media, and in a section of public and published opinion, is born out of a misunderstanding as enduring as the seasons. CSR does not mean making donations or contributions to good causes. Only a small part of what CSR represents overall involves this type of action, also known as social action. A collection of actions which, were not discovered with the popularisation of CSR, but which have been taking place for many years under the name of philanthropy, charity, or through the sponsorship of cultural or sporting events. Let us leave to one side the social programmes which many companies, in particular Spain's savings banks, are

under an obligation to operate under the terms of their articles of association. Social action, referred to under this or any other name, has been taking place for a long time, and will continue to do so.

Motivations behind CSR

An analysis of the motives which lead a company towards CSR will allow us to consider the possible future actions of businesses in the current economic climate. If we assume the eminently pragmatic and market-focused approach of most corporations, we find that the efforts dedicated to CSR are the result of an unequal mix of (positive) personal desire and environmental pressures. For large companies, the ones which set the economic pace and hold up a mirror for smaller enterprises, CSR comes about in particular through social pressure, out of the fear of possible negative publicity campaigns, and also to a large extent through the dictates imposed by the financial markets. Listing on certain stock exchanges involves signing up to principles of transparency which include demands of CSR. Such a CSR, tied to risk management, to market demands and public relations, it need scarcely be said, will be practically unaffected by the current downturn in the economic cycle.



There is also a form of CSR tied to sectorial self-regulation, to combating and preventing corruption and to supporting shared principles of governance. From the Aldama Code and the Conthe Code of the Stock Market Commission in Spain, to the OECD Code of Good Governance, the Equator Principles and the UN Global Compact, although the levels of application and conversion into legislation of the various initiative differ, all are based on the desire of companies and sectors to self-regulate. The motivation once again comes mainly from a sociological and relational perspective, the aim being to construct rules of operation which allow for a rationalisation of expectations, the generation of trust, the forecasting of future actions among agents and, in particular, the prevention of scandals such as the dot-com bubble in late 2001. If a company signs up to one or another CSR initiative, or establishes its own internal code of ethics, this is dictated not simply by an altruistic or "worthy" logic, but one which perfectly matches the most orthodox economic thinking.

Meanwhile, there is another form of CSR much more closely connected with the companies similar to our area of interest. A CSR linked to the management of intangibles, and one which is worth a second thought. It is a little known, and even less mentioned, fact that the actual value of a company has, over time, gradually shifted away from the balance sheet, into grey areas which are difficult to quantify and calculate. The bottom line is this: the value of a company is not based (only) on its finances. There are other elements, such as staff motivation, the company's social and relational capital, the intellectual skills of its workers, a pride in belonging, their loyalty to the institution or alignment with the company's mission and aims. If we add to these factors the growing importance, above all for service companies, being taken on by human resources and their administration, and the new profiles of younger

workers, we find a fresh approach to CSR has something to offer all concerned. A CSR as an opportunity, in particular in times of crisis, connected with labour relations, innovation, productivity, efficiency and, ultimately, the future of the company within the marketplace.

How, then, should we understand CSR?

CSR is simply a convenient name given to a set of actions and perspectives involved in business today. For years we have been blinkered by a narrow, limited view of companies as vehicles for maximising profits, amoral (in other words outside morality), and headed by selfish and uncooperative individuals. A company which was governed by puppets following the dictates of the market and isolated from social and environmental considerations. According to the phrase famously coined by Nobel prize winner Milton Friedman, in 1970, *the business of business is business*. This vision is one still being propounded at universities and business schools, with students being taught on finance courses that they should choose from among possible investments on the basis purely of the rate of return, or in a marketing class, in accordance with the market share which a new product will achieve.

THERE IS ALSO A FORM OF CSR TIED TO SECTORIAL SELF-REGULATION, TO COMBATING AND PREVENTING CORRUPTION AND TO SUPPORT FOR SHARED PRINCIPLES OF GOVERNANCE

