

What is the value of CSR and how does it help you overcome some common business challenges? With the help of our Contributors and high performing Newcomers, we have put together some statistics and quotes to help demonstrate the business case for CSR.

Skills Development

CSR provides an opportunity to help employees to develop a wide range of skills and competences, including **communication, project management, leadership** and **team working**.

"90% of staff who had volunteered said that the volunteering programmes gave them an opportunity to develop or use their core skills". **Big Four Accountancy Firm**

"Many of those who have been on the mentoring scheme have enjoyed a promotion shortly afterwards as they have been able to demonstrate (along with other skills) stronger management ability. Whereas employees who potentially had too strong a voice in office debates and day to day decision making learnt better listening skills and increased patience. It is interesting that the mentoring scheme is now something that developing employees cite as something they would like to be involved in when they discuss their developmental plans at appraisal." **Medium Sized Recruitment Business**

"Evaluation has shown that volunteering provides networking and skills development opportunities as well as improving employee morale, provoking innovating thinking, challenging methods of current practice and providing excellent cross business networking. For example, employee supervisors on the work experience programme have noted improvements in their delegation and people management skills". **Large Investment Bank**

Employee recruitment and retention

A vibrant CSR programme can contribute to improved employee **perceptions, motivation** and **retention**.

"We highlight to prospective applicants through our various marketing channels, the work we undertake and the initiatives we support. Anecdotal evidence suggests that students see this as a positive reason for joining us." **Big Four Accountancy Firm**

"In exit interviews, leavers comment on the clear impact that our CSR programme has on the atmosphere of the firm, quite simply, it makes it feel like a happier place". **Senior Partner, Leading Law Firm**

85% of staff stated that supporting a partner school had a 'significant' or 'very significant' positive impact on their pride in working for their company". **Big Four Accountancy Firm**

"Our HR Director says that when she mentions our community programme, interviewees' eyes light up". **Small Architectural & Design Consultancy**

"86% of employees who agree strongly that their company is active in the local community, feel a strong sense of belonging to their company". **Major Retailer 2007**

"Today's graduates put work-life balance and an employer's ethical reputation ahead of salary and the prospect of early promotion when choosing where to work." **The Guardian's 'Grad Facts' 2008**

"Engaging the workforce in areas such as the decision-making process and business planning can bring real business benefits like increasing profitability by 12%, reducing the amount of sick days taken by an employee by five days per person and having employees who are 87% less likely to leave.", **Macleod and Clarke, 2009**

Employee Health and Wellbeing

A healthy and happy workforce is not only important for employees, but it is also beneficial for business. Workers are far more likely to perform at their peak if they feel they are well respected in the workplace. This will reduce the costs associated with absenteeism and create a healthy and happy workforce.

Sickness costs employers £8.4bn per year and £15.1bn is lost through reduced productivity whilst employees are at work, **Right Management**

Employee engagement increases eightfold when 'wellness' strategies such as allowing flexible working and adequate lunch breaks are deployed, **Right Management**

Staff perceive organisational performance to increase 2.5 times when wellness is visible in the workplace, **Right Management**

Employees are 1.5 times more likely to remain at an organisation for five years if they feel their employer cares about their wellbeing, **Right Management**

"Organisations are four times more likely to lose talent within the next year if employees take an unfavourable view to employee wellbeing." **Right Management**

Building relationships with clients, investors and external audiences

Increasingly, corporations are trading not on products or services but on their **reputations** and **brand value**, and the **public perception** of socially responsible behaviour seems to be more and more important.

When selecting suppliers, many organisations ask for recognised standards such as the [ISO14001](#) (awarded for companies who have developed Environmental Management Systems).

As well, [ISO 26000](#) on Social Responsibility is awarded for organisations demonstrating Social Responsibility in practice. ISO 26000 conforms to standards set by the United Nations and the International Labour Organisation.

When supplying to the public sector, many firms are required to consider diversity within their workplace and supply base. The [Equalities Bill](#) now makes it clear that public bodies can use procurement to drive equality.

The [FTSE4Good Index Series](#) and [Dow Jones Group Sustainability Index \(DJGSI\)](#) have been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Further information on responsible investment can be found [here](#).

"We have received specific feedback in sales and tendering situations that businesses have, in part, based their decision to buy services from us on the work we do in the community".

Leading City Law Firm

"From a business perspective, we have won a number of bids in which our CSR policy was identified as strength in our response or as a differentiator".

Medium Sized Management Consultancy

"I can't wait to be asked about this in pitches as I now know that I can talk about it with real authority". **Small Design Consultancy**

"88% of consumers said they would be more likely to buy from a company that engages in activities to improve society". **UK Small Business Consortium, 2006**

"86% of institutional investors believe that corporate social responsibility will have a positive effect on business".

Justin Keeble and Charlotte Turner '*The Business Case for Corporate Social Responsibility*' in Arthur D. Little Ltd and **Business in the Community, 2003**, p5.

Cost Savings

A combination of increasing demand for energy, and targets set by the Government to reduce carbon emissions means that energy and fuel costs are likely to remain high in the long term, and so many companies are now facing not only staff and customer pressure to be more environmentally friendly but are increasingly facing financial pressure.

"By implementing our environmental programme, we reduced our electrical consumption by 20%, waste output by 25% and overall waste volume by 70%".

Small Architectural & Design Consultancy

"Through environmental policies at least 10% savings can be achieved at zero cost".

UK Small Business Consortium, 2006

"Energy use by business activities in offices is about 9% of the total UK building energy consumption, emitting around 6.8 million tonnes of CO₂/year. It is estimated that savings of up to 20% across the sector are possible totalling over £157 million each year. Improving energy efficiency brings the following advantages:

"It is one of the simplest ways to increase profits without the need to increase sales. Controlling energy use should make conditions more comfortable for staff. Reducing energy consumption helps to combat climate change, and clients, shareholders and other stakeholders are increasingly looking to companies that can demonstrate their commitment to the environment"

www.carbontrust.co.uk

"Employees who leave their PCs on overnight cost their companies an extra £70 a year."

National Energy Foundation http://www.nef.org.uk/news-events/documents/1e_report.pdf

Environmentally responsible business practices prevent prosecution and fines. Examples of penalties that can be incurred include:

- £50,000 fine or 12 months imprisonment for illegally disposing of waste
- £20,000 fine or 12 months imprisonment for operating without environmental permits
- £20,000 fine for knowingly polluting controlled waters such as rivers
- £15,000 fine for non-compliance of packaging regulations¹

Legislation

[The Companies Act 2006](#) now requires every publicly listed company to consider '*Enlightened Shareholder Value*' and to disclose ethical, social, and environmental risks in its annual report. These pressures clearly demonstrate the extent to which external stakeholders are seeking to hold companies accountable for social issues and highlight the potentially large financial risks for any firm whose conduct is deemed unacceptable.

For companies with a half hourly meter and whose electricity consumption is over 6,000MWh pa (equating to roughly £500,000pa) you may be required to report your energy consumption and pay for carbon usage through the mandatory carbon trading scheme; the **Carbon Reduction Commitment**.

¹ This information has been kindly provided by Global Action Plan. Please do not share without prior permission from Heart of the City.

There are many environmental directives that businesses need to be aware of in order to avoid convictions. Firms should be aware of the following:

- **Waste, Electrical and Electronic Equipment (WEEE)** – Producers are responsible for financing the collection, treatment and recovery of equipment covered by WEEE. 13 areas of waste are affected
- **Packaging** – The Packaging and Packaging Waste Directive requires companies who handle 50 tonnes of packaging per year and have an annual turnover of £2 million to pay for a proportion of their materials to be recycled
- **Fluorinated Greenhouse Gases (GHGs)** – Operators are required to repair leaks and keep accurate records for equipment such as commercial fridges, heat pumps and fire protection systems

Further information on environmental and technical regulations can be found [here](#) on the Department for Business, Innovation and Skills (BIS) website.

Extra information on legislation concerning CSR can be found [here](#) on the BIS website.

How to argue the business case for CSR

- Audit your cost savings. For a free environmental audit contact [Global Action Plan](#), [Biz4Green](#), [CEN](#), or the [Carbon Trust](#)
- Find out if clients are asking about CSR in the tendering process
- Find out if potential employees are asking about CSR in interviews
- Measure employee morale, Download Heart of the City's document **CSR Satisfaction Survey for staff involved in CSR**
- Download Heart of the City's document on **Measuring, Evaluating and Reporting**

Business Benefits - developing a structured CSR Programme

Many Heart of the City 'Newcomers' already have some ad hoc CSR activities in place when they join our programme, and they are often asked by the Board or colleagues "why do we need to create a formal strategy"?

- CSR has many business benefits but without a co-ordinated approach many companies fail to take advantage of them.
- A co-ordinated and thematic approach helps to make CSR visible to staff, ensuring their recruitment and retention. Bright young graduates are asking about CSR and if you have got some ad hoc activities in place but are not using them to attract the best people then it's certainly a missed opportunity.
- Thematic focus ensures that CSR can be linked to issues that management have identified as strategically important. This can be linked to core business activities e.g. financial exclusion for finance firms and risk management for insurance firms. A thematic approach also helps with communicating your CSR activity externally for PR purposes.
- A more strategic approach ensures cohesion across a range of activities and provides a robust rationale for turning down external/internal requests for support.