Corporate Social Responsibility Can Achieve Real Results

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Corporate Social Responsibility ("CSR") can achieve tangible benefits for an organization only if it becomes more than a series of vague commitments and aspirational goals, according to an article in the June 2012 issue of Natural Gas & Electricity. The author of the article argues that concrete performance goals related to CSR are key to accomplishing such benefits, which may include "real improvements in the company's operations and the impacts of those operations on corporate stakeholders."

In other words, being a good corporate citizen can impact the bottom line and improve key relationships with vendors, customers and shareholders.

How does a company implement its CSR plan to achieve these benefits? The article's author suggests spending time necessary to articulate standards, commitments and operational goals, creating working groups, then identifying key steps, training, reporting and auditing requirements, as well as performance indicators so success can be measured.

One industry that seems to be taking CSR to a new level is the private equity field, where some firms are focusing on, or changing the businesses in which they will invest based upon environmental, social and governance factors ("ESG"). According to a recent article, responsible investment guidelines issued by trade groups, such as the Private Equity Growth Capital Council, or public entities, such as the United Nations, are shaping the business practices of private equity firms and their investment portfolios.

Pressure on management to invest in businesses based on ESG factors may in some cases come from outside forces or concerned stakeholders. Some private equity firms chose to limit the impact of ESG to certain investments, rather than their entire portfolio.

One thing is clear. Regardless of industry, the impact of CSR and ESG are likely to grow. Businesses would do well to get ahead of the curve and harness the power of such concepts to their benefit, implementing policies consistent with their corporate goals. http://bit.ly/P4ixaV