

Corporate Community Investment
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Contrary to popular belief in Sri Lanka, CSR, or Corporate Responsibility, is not about philanthropy or charitable donations. Many companies have failed to recognize this distinction, and they spend valuable time and resources focusing only on charitable investments into the communities in which they operate, whilst ignoring the numerous negative social and environmental impacts that they create through their business operations. They do this in the name of CSR, and in the hope of establishing themselves as a good corporate citizen.

A company cannot be considered to be a good corporate citizen, or to be engaging in responsible corporate practices, if it treats its employees in a less than satisfactory manner, exploits its customers, cheats its investors, uses more than its fair share of energy and water, or continues to destroy the natural environment by expelling vast quantities of harmful pollutants into the surrounding area. The true definition of corporate responsibility is that a company takes all these factors into account when making its business decisions – that it operates in a way that minimizes all the negative impacts that it creates as a result of its business activities, whilst at the same time ensuring that it creates significant long term benefits for all its stakeholders.

One small element of CSR however, is indeed the community investment activities that it undertakes. Confirmation of this can be seen through the recently released ISO standard on Social Responsibility, ISO26000, which focuses on organizational governance, human rights, labour practices, the environment, fair operating practices, and consumer issues, with a small amount of attention also given to community involvement and development aspects.

It is important that companies realize that being responsible is not merely about philanthropy or donations, and it is equally important that they portray such activities accurately through the media. The key reason the misconception is perpetuated is that companies, and the media, keep referring to philanthropic activities as ‘CSR projects’. They should instead be publicized under their correct title of corporate community investment (CCI).

CCI refers to businesses contributing financial assistance, in-kind assistance or human capital in the form of time or skills, towards initiatives which seek to meet the social and economic needs of the communities in which they operate. CCI can take the form of corporate philanthropy, sponsorships, cause-related marketing, employee volunteering or partnerships - all of which differ by the extent to which the company is involved in the activity. Philanthropy or charitable donations – the most basic forms of CCI – as well as sponsorships for instance, generally involve arms-length relationships between the company and the beneficiaries, where one-off payments are made by the former. Cause-related marketing involves tying the sale of the company’s products to a particular charitable cause, and partnerships involve the company working with other organizations, generally NGOs or charities, in order to solve various social issues.

Such activities can be traced back to their paternalistic roots, particularly in countries like Sri Lanka, where there is much need for poverty alleviation and social development. In such cases, a handful of influential individuals would engage in philanthropy, and this then is translated to the corporate level over the years.

Globally, companies have realized that engagement in the form of donations is insufficient – yet it remains the most common form of CCI amongst the business community in Sri Lanka. It is important that local companies realize how such activities should be undertaken in order to create maximum benefit.

Unilever Sri Lanka’s ‘Saubhagya’ initiative of engaging and training local community women to sell company products is an example of a CCI initiative that has been undertaken strategically, for the mutual benefit of both the company and the beneficiaries. The women selected by Unilever are given a means of earning their own income and essentially creating their own micro-enterprises. This then provides them

with a greater sense of power over their own lives in their communities and households, and thus achieves both social and economic empowerment.

The farmer development initiatives of Ceylon Cold Stores, CIC, and Cargills too provide a win-win solutions, by guaranteeing a supply of high quality agricultural produce to each company, whilst providing farmer communities with the technical knowledge and know-how to further their yields and maximize their incomes whilst at the same time guaranteeing them a market for their outputs at a fair price.

The key is that if both the company and the beneficiary of CCI activities see some positive benefit from the association, this will become a long-term fixture, and both parties as well as the wider community and economy will benefit from it over the long run. So community investment must be strategic, and it must be interlinked with the company's core business, if it is to provide the optimum impact for everyone involved, with the resources at hand.

This is in stark comparison to arms-length donations, which are discontinued by the company as soon as other more pressing business issues – financial crises and the like –take over. This then leaves the beneficiaries in a worse situation than before, when they do not receive the benefits that they have grown to depend on. The proverb ‘give a man a fish and you feed him for a day, teach him how to fish and you feed him for a lifetime’, should be the starting point of every company making a decision on community investment.

It is also important the companies invest in the correct areas, or on the most critical issues. A community needs assessment through stakeholder engagement must be conducted in order to learn what a community truly needs from the company, rather than the management assuming on their own what they believe the community needs. This will allow for allocating resources into the most critical areas, which will benefit the most number of people.

It is vital that more companies in Sri Lanka realize the optimal way of engaging in community investment. It is only the truly strategic well thought out initiatives that will result in the long term empowerment of our communities, and provide the stimulus necessary for their overall economic upliftment.

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