

Doing good can pay off

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Like many people in Guatemala, Dona Blanca grows crops that are exported to companies in North America and Europe. But unlike most of them, she is paid fairly for her work.

That's because Dona grows aloe vera for the Body Shop – a leader in corporate social responsibility. The money she makes allows her to send her daughter to school, one of 200 funded by the UK-based natural beauty products company.

Since its founding in 1976, the Body Shop has made corporate citizenship a pillar of its business model. Whether it's campaigns against animal testing or for human rights, environmental protection and fair trade, the Body Shop has become a symbol of the socially conscious corporation.

And it's paid off. Last year the cosmetics giant L'Oreal bought the Body Shop for a staggering \$1.32 billion.

"Companies will come to learn the benefits, indeed necessity, of being socially responsible, rather than seeing it simply as a PR tool," wrote company founder Anita Roddick on her web blog.

Thanks in part to success stories like this, corporate social responsibility is becoming standard business practice. That's because shoppers are now demanding more from their brands. It's no longer enough to just have the best product. To be successful today, companies must also give back.

And businesses have responded. Seventy per cent of the companies listed on the Toronto Stock Exchange now publish regular corporate responsibility reports detailing their social and environmental performance. That's twice as many as five years ago.

"I think there is a real demand from the population, and corporations recognize it helps their bottom line," says Dr. Kirsty Duncan, a University of Toronto professor who has taught corporate citizenship. "Ignoring corporate social responsibility can be very costly – it can hurt a company's reputation."



When allegations of rampant sweatshop use hit Nike's foreign factories in 1997, the company's stock plummeted more than \$20 to \$53 a share. And while it has since made improvements, intense public pressure means that restoring Nike's image will be an uphill battle.

On the other hand, *Business Ethics* magazine reports that companies on the S&P 500 stock index who make their annual 100 best corporate citizens list have higher sales and profits than those who don't.

And corporate social responsibility doesn't only mean strong environmental and rights policies. Companies such as Wachovia give staff half a day off per month to volunteer, while Microsoft pays for employee gym fees and healthy living seminars. For every dollar the software giant spends on keeping employees healthy, it saves nearly double in reduced sick days.

Of course, the benefits of companies that give back go far beyond corporate headquarters. In 1988 LensCrafters started its Give the Gift of Sight program. Since then it has donated more than 5 million pairs of glasses to underprivileged people around the world.

Each year teams of volunteers travel with optometrists and ophthalmologists to the developing world to hand-deliver glasses to people who need them – everyone from students who can't see the blackboard at school to truckers who aren't able to drive safely.

Last year LensCrafters held clinics in 16 countries, including Mali, Ecuador and China. By the end of this year, it hopes to donate another 2 million pairs of glasses.

Then there is the Red Campaign launched last year by rock star and activist Bono. It's a unique project that allows companies and consumers to work together toward social responsibility.

Nearly a dozen brands – from the Gap to Giorgio Armani – have launched distinctive red-coloured products to help fight the AIDS pandemic. A portion of the proceeds is used to distribute anti-retroviral drugs in Africa, where more than 24 million people live with HIV.

"Public and private sectors share a common ground, so we both must perform in a sustainable manner," Duncan says of the Red Campaign.

This rise in corporate citizenship has been driven largely by young people. In a 2002 World Bank Institute study, 85 per cent of youth said they pay attention to corporate behaviour, while 50 per cent said they make purchasing decisions based on social responsibility.

The study concluded that university and college campuses have become the main venue for consumer pressure, as well educated and idealistic youth rally around social causes.

They have realized the power that lies in the decisions they make – to buy or not to buy. In our consumer culture, shoppers have the ability to hold companies accountable for their actions. By purchasing from companies that are socially responsible we can use our wallets to pursue our values. Companies who do not adapt will pay the price.

"Ignorance is no longer an acceptable defence," Duncan says. "You can't justify ignoring the world."

Craig and Marc Kielburger are founders of *Free the Children* and co-authors of *Me to We*. For more go to thestar.com/globalvoices