Is Corporate Social Responsibility (CSR) Agenda Losing Momentum with Recession?

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**Abstract**

This research paper explores the concept of Corporate Social Responsibility (CSR) in a recession and suggests a CSR strategic management agenda. The article is informed by a literature review of CSR. Specifically, challenges corporations are facing in staying ethical in the face of the global economic meltdown are discussed, best practice corporate social responsibility responses/approaches to recession are identified and a case made to uphold CSR agenda even in the face of recession. There seems to be some mixed responses to CSR agenda in the face of recession amongst corporations, with some cutting down on their CSR agenda while others are staying the course. The degree of CSR embedment within a
corporation, extent of exposure to recession, and management perspective about the role of CSR in a recession seems to determine the course. Overall, there is a strong appetite amongst industry leaders or those who see a business case in CSR to stay the course at least in the short run. The paper captures glimpses of the current CSR trend in the prevailing global economic meltdown, which is insightful and suggests a strategic management approach that has practical utility.

**Keywords:** Ethics, Morality, Corporate Social Responsibility, Management, Recession.

1. **Introduction**

Recession is creating anxiety not only to corporations but also the vulnerable consumers who rightly point an accusing finger to the corporations for the current woes. Edwards (2002) aptly sums up this frustration by asserting that corruption is burning down the houses of some of America’s largest corporations and ought to show that unrestricted capitalism is not good even to investors. So do businesses have a moral duty to their stakeholders? And how far can these businesses stretch this moral duty in the face of a recession? These are the twin issues being explored in this article. This inquiry is informed by a review of literature on Corporate Social Responsibility (CSR). Definition of CSR are varied in the extant literature, however, they share the common ground, in terms of importance of ethical management. The most comprehensive definition of CSR is defined by the World Business Council for Sustainable Development (WBCSD). According to WBCSD in its publication "Making Good Business Sense" states that "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Holme & Watts, 2000). Specifically, challenges corporations are facing in staying ethical in the face of the global economic meltdown are discussed, best practice corporate social responsibility responses/approaches to recession are identified and a case made to uphold CSR agenda in the face of recession.

2. **Morality and Business**

The immense power businesses wield over the overall being of the planet makes the issue of morality in business more important than ever (Liew, 2009). All business decisions have moral implications that must be considered. Business is personal because it directly affects our lives and our futures. It is also personal because each and every one of us can use it to choose the sort of world we want to be part of. Echoing similar sentiments Younkins (2009), suggests that businesses have a moral responsibility to all its stakeholders rather than shareholders only. Best practice examples like Google reinforces this thinking that is aptly captured in their motto – “don’t be evil”, which is a clear moral stance. Thus it is no longer good enough to say “business is just business”, there is a price to be paid for every dollar we make or spend (Liew, 2009). Just as one chooses to be the person he/she is in life one can choose how their business or those they “patronize” acts. Thus as argued by Engeseth “in a world where consumers see their purchases as votes for a better world, “management by goodness”, would be more than a phrase, it would be a competitive advantage (Liew, 2009). This explains why the likes of Grinnel (2006) contend that the price of integrity is constant vigilance by all stakeholders on corporate handling of their affairs. Reinforcing this position Robertson (2007) argues that corporations do have a responsibility to society because society grants them the license to operate, and in return it expects corporations to contribute to its overall well being. Corporations have a responsibility to their stakeholders, most usually thought of as customers, employees, suppliers, creditors, the community and often the environment, as well as their shareholders. There is thus a normative case for corporations to act responsibly, because “it’s the right thing to do so” and there exists a business case that acting responsibly does also generate financial returns. Perry-Smith (2007) expresses similar
sentiments and contends that several empirical case studies support the contention that building long-term reputational capital can help attract and retain employees and consumers, as well as social investors. Moreover, given that business is a social activity; social responsibility needs to be an integrated consideration. So, a socially responsible business is about conscious management of the social impact of its business – how it relates to employees, clients and its community (Liew, 2009). Similarly, Queen (2007) asserts that businesses do owe some responsibility to all its stakeholders. Though of course, Wall Street-driven results and concern for shareholders investment has caused a disconnect between corporate earnings, worker efforts and employee treatment. It follows therefore that organizations that are more respectful of employees and those that pay them better are more likely to get favours from those that they treat well.

Having made the case for socially responsible organizations, does this responsibility stretch beyond the “good time” to cover for recessionary periods? The following sections attempts to explore that question.

3. CSR in a Recession

The current world economics is unstable. The World Bank has estimated that an additional 64 million people will be living in extreme poverty on less than US$1.25 a day by the end of 2010 as a result of the global recession (http://www.ausaid.gov.au/makediff/gec.cfm). The growth in real average monthly wages declined from 2.8 per cent before the crisis in 2007 to 1.5 per cent in 2008 and 1.6 per cent in 2009 (http://www.guardian.co.uk/news/datablog/2010/dec/15/data-store-recession). Besides, the International Monetary Fund estimates that the global economy contracted by 0.6 per cent in 2009 and the implications of this have been severe for many. Economic growth in developing countries was only 1.7 per cent in 2009 compared with 8.1 per cent in 2007 (http://www.ausaid.gov.au/makediff/gec.cfm). The Paris-based Organization for Economic Cooperation and Development said gross domestic product is likely to decline by 0.3 percent in 2009 in its 30 member countries, with the U.S. contracting by 0.9 percent, Japan by 0.1 percent and the euro currency area by 0.5 percent (http://www.msnbc.msn.com/id/27694354/ns/business-stocks_and_economy/). Furthermore, the world slowdown hit exports and domestic demand hard in 2009, with Finland experiencing one of the deepest contractions in the euro zone, and will serve as a brake on economic growth in 2010. The slowdown of construction, other investment, and exports will cause unemployment to rise further from the 2009 level. The recession will leave a deep, long-lasting mark on general government finances and the debt ratio. It turned previously strong public finances into deficit within a year (http://www.eubusiness.com/europe/finland).

Apparently, there appear to be two predominantly opposing opinions on the future of CSR in a recession, some proponents observed that CSR will stay the course, while others thought otherwise. Skapinker (2009) alleges that it was an easier prediction to make that recession would end talk of corporate social responsibility. That easy prediction has turned out to be wrong. Stancich (2009) quotes McIntosh (2009) as suggesting that the immediate need for businesses to address climate change will continue to pull corporate responsibility from the periphery into mainstream, regardless of any economic slowdown. McIntosh (2009) argues that during recession, companies practicing corporate responsibility may have an advantage over those that are not. So, a downturn is unlikely to negatively impact companies’ current CSR commitments, given that these companies will be unwilling to lose their established competitive edge. This position is reinforced by Vogel (2009), who is quoted by Stancich as arguing that the impact of a global slowdown on corporate responsibility investment will be modest because companies don’t spend much on it anyway. There is therefore likely to be a shift away from green marketing campaigns and a refocus of managerial energy, without there being any major impact. Nonetheless, Vogel (2009) thinks that cuts will most likely occur in: payroll, green marketing, capital investments, research and development. Some even argue that during recession
companies practicing corporate responsibility may have an advantage over those that are not (Stancich, 2009).

Lamenting on CSR movement of the late 1990s and early 2000’s, Winegarden (2008) argues that CSR was simply a fad – an expendable corporate distraction that companies entertain during “fat” times, but now things are different. Economic growth is faltering, consumer expenditures are plunging and corporate profits are in a free fall. In this bad economic environment companies cannot treat their scarce profits so nonchalantly and CSR fad will simply fade away like so many past management ideas. Nonetheless, Winegarden (2008) opines that the Obama administration is pledging regulatory support for CSR ideals and although historically, the influence of CSR has also shown that it ebbs and flows with the rise and fall of corporate profitability, things are likely to stay on course this time round. The Obama administration intends to force companies in the USA to implement many CSR ideals through excessive regulations and expenditure programmes. So any current de-emphasis on CSR is likely to be temporal.

Others like Environmentalleader (2009) see two major corporate social responsibility questions that will be faced during the economic meltdown:

(i) Will consumers continue to pay a premium for ethical goods?
(ii) Will CSR continue as a core activity or be jettisoned as a cost-cutting measure?

Thus, it is argued that whether a company engages in a CSR agenda or not will entirely depend on the answers to these questions. Interestingly, one thing manufacturers have going for them is the consumer believe that ethical brands, while more expensive, often present long-term savings and, depending on products, energy savings. Supermarkets, especially in the UK, have spent a lot of money building trust on corporate responsibility issues and are unlikely to cut down on their range of ethical products (Environmentalleader, 2009). Similarly, addressing climate change will continue to drive CSR into mainstream, regardless of the economy (Robertson, 2007). Thus, companies that have invested in CSR will be reluctant to lose their competitive edge. Moreover, companies that actively address environmental, social and governance issues tend to outperform others in a recession (Perry-Smith, 2009).

It appears that corporate social responsibility is now being redefined (Leon, 2008). The CSR landscape for the majority of businesses may never be the same again. Microsoft chairman, Bill Gates is for example quoted by Leon (2008) calling for a new form of corporate social responsibility, what he called “creative capitalism” where companies would spend money on projects that are socially desirable. Gates advocates a course where corporations will dedicate a percentage of their top “innovators” time to issues that could help out the global economy. This kind of contribution is even more powerful than giving cash or offering employees’ time of to volunteer. It is a focused strategy of what a company does best. It’s is a great form of creative capitalism, because it takes the brainpower and makes life better for the richest and dedicates some of it to improving the lives of everyone else. Thankfully, there are already a number of pharmaceutical companies like GlaxoSmithKline that are already putting their top innovators to work on new approaches to help the poor. Another example is Sumitomo Chemical, who have used its expertise to build a bed net factory that is donated. And many other companies in such sectors as banking, cell phone, food technology …etc, have followed suit.

There is growing skepticism regarding the question “how will companies embrace “creative capitalism” when they are already struggling to do corporate social responsibility that well? The answer to this question is partly provided by Franklin who is quoted by Leon (2008) arguing that CSR will continue to grow but the tough economic times might sort things out. It might force companies to do some hard thinking and fine tuning. Some pet projects with no obvious benefit for the business will be dropped, but thoughtfully, companies will keep a keener understanding that CSR efforts needs to be sharply focused – and require hard work and careful implementation, if businesses are to live up to the increasingly common mantra of “doing well by doing good”.

Nonetheless, Bold (2009) contends that companies know that well thought out CSR programs is a worthwhile investment given that it’s cheaper than advertising, and indeed companies engage in CSR
because it delivers despite the challenges of measuring its impact or progress. Bold maintains that companies are still spending in CSR as a worthwhile course even in a recession because:

- **It can be cheaper** – CSR that does not radically alter business models does not cost that much and can actually save money. Anyone from Boots to Wal-Mart agrees that going greener often saves money. Indeed therefore CSR can help the bottom line,

- **Reputation and transparency are still key** – in fact they are now even more important. Stakeholders needs to know now that ever before what corporations are doing and transparency has never been on the cards like this time round,

- **Communities are feeling vulnerable** – they are looking for local leadership on important issues. Companies are being challenged more than ever before to demonstrate that they are part of these communities by volunteering to help, not once but on a continuing basis,

- **Customers are worried** – they are wondering who they can trust. Companies have to therefore continually engage with customers, reassuring customers with communications about anything from product safety to reliability and good service awards. These things matter and yes these things are part of a robust CSR,

- **Regulators are up in arms** – many are happy to use the business world as scapegoats for their own poor regulatory incentives. So companies that demonstrate that they are still focusing on a bit more than just sales and cost-cutting can help reassure them that they care and may help them stop overreacting,

- **Green advertising has gone mainstream** – people today care about green issues than ever before, more so if it delivers efficiency for them. So communicating well is still key and a green/efficient massage may still resonate well,

- **Newspapers are hungrier for copy that sells** – and companies provide excellent cannon fodder for editors. Ethics related cutbacks, poor customer service and extended payment terms will start making news. Corporations are having to keep their eyes on internal programs and how they might go against their value statements to keep things consistent. No board wants to see panic, so re-iterating values in tough times may help keep things on check,

- **There is opportunity to gain trust** – this is particularly true if others are cutting back. Companies will have to show that they can treat their customers, suppliers and business partners fairly, even when times are right, this could as well help them build a bank account of goodwill, useful when they really need it,

- **Thinking about the short-term future** – recessions don’t last long and companies are clearly seeing the benefits of not cutting back once this is over. They see the potential to crow in their CSR report,

- **Trim the fat** – companies want to become more evident-based in their approach of CSR without upsetting partners who may go to the media in better times. So being more rigorous with CSR now will help them when things pick-up again.

Likewise, Hopkins (2008) argues that CSR holds a solution and provides the elements to the current global economic crisis, since in the first place CSR ideas were largely ignored by many of the financial players in the Western capitals. He avers that CSR is a strategic approach to managing a company and not simply an add-on as it encompasses all stakeholders’ interests if properly conceived and deployed. So to sustain and redefine CSR strategies in the face of recession, corporations should understand that:

- **CSR can help** – A major stakeholder of a firm is its employees. CSR does not imply that downturns should not be prevented, what it implies is that companies must make efforts to organize layoffs in a socially responsible manner. This could include early warnings, counselling, re-training, temporal financial assistance …etc. The tendency of some companies to give immediate notice is unacceptable, distressing and can be counter-productive once hiring starts again. There is no doubt there is unequal power between companies and employees and
the later are vulnerable and requires a lot of support over this period of uncertainty and companies will do well to lend a hand,

- **CSR urges transparency** – corporations are being encouraged to report of activities that are off the balance sheet. Keeping all stakeholders informed is again currency as the acceptable way to do business today,

- **CSR has a positive impact on the intangible assets** – investing in CSR is not simply a cost, but also a market opportunity. Assets such as reputation and knowledge networks can turn into a souring market value and a competitive advantage,

- **CSR has a long term effect on improving a company’s bottom-line** – there is certainly a positive link between social and financial performance especially when looking at the increased relevancy of the intangible assets of a company. These turn into a source of market value and competitive advantage overtime.

Regrettably, it doesn’t look like CSR agenda is a survivor in all cases. Benerji et al. (2008) argues that it is likely to be one of the casualties of economic crisis. In a survey they conducted 40% of respondents said their industries won’t be able to accomplish as much as they expected with respect to energy efficiency, the environment and community services. The pullbacks will be especially pronounced among transportation and energy companies with respectively 51% and 47% of respondents in those industries saying CSR agenda will be delayed. This is troubling because those are two of the industries in which broad environmental or community-oriented initiatives were expected to have the biggest impact. Moreover there is little correlation between financial strength and optimism about CSR agenda; 28% of respondents at financially strong companies said CSR agendas in their industries will be affected by a downturn. Likewise Radcliffe (2009) argues that in many companies CSR is fragile – only on the agenda when things are comfortable. CSR spending is often lumped in with marketing budgets, HR and training programmes, innovation budgets, research activities and other non-core activities, and it is here that that cuts will be made.

On the flip side, though some say recession may be a catalyst that drives ethical business into the mainstream, as consumers and companies turn to energy-efficient practices and products as a means of cost cutting (Skapinker, 2009). Nonetheless, McIntosh asserts that companies should be taking a long-term view of their practices. From a purely operative perspective, energy efficient strategies deliver cost benefits, whether it’s an investment into wind turbines or energy efficient bulbs. Reporting and out-word looking strategies such as greater stakeholder engagement, have also been proven to deliver a competitive advantage, the benefits of which are greater brand royalty from both consumers and investors, and more finely tuned risk strategies.

### 4. Best Practice Examples

The CSR cuts aside, there is ample evidence that CSR is a survivor even in a recession. As Delevingne, (2009) report indicates, while companies costs cuts and social responsibility may seem like an easy target, many others are staying the course and in fact sustaining their investments in CSR. Big names are sticking with the programme. Intel for example in January 2009 launched the “Small Things Challenge”, a commitment of up to $300,000 to the education and development in countries of Afghanistan, Cambodia, Haiti, and Uganda in partnership with non-profit groups. The company further pledged $100M in 2009 towards global education programs from the Intel Foundation where $1b has already been applied in the past decade towards green investment and energy conservation. Craig Barrett, Intel chairman argues that “you can’t save your way out of recession - you have to invest your way”. Hence, Intel is relooking its CSR activities in pretty much the same way as during good times. Other proponents of CSR like General Electric, PricewaterhouseCoopers and Wal-Mart are sustaining or expanding their commitment at least for now. For them CSR is a nearly recession proof commitment because it’s become so mainstream such that the reason to back off is unthinkable in the near future. Nonetheless, commitments to CSR are not recession-proof, and even the most committed are no doubt
going to look for ways to cut costs. To be sure some companies are reevaluating their efforts. Many will likely reduce their commitments to matching – grant programs for employee charitable giving, disaster relief funds, or business units focused on sustainable investments. For example Ford Motor Co. is reducing its funding for corporate philanthropy by 40% from last year. Citigroup has reduced its corporate responsibility – focused staff along with job cuts across the company and American Electric Power has slowed environmentally-friendly projects like wind farm in Indiana and a natural gas fired power plant in Ohio.

Boston College’s Centre for Corporate Citizenship also found out that CSR has a staying power. 50% of the companies believed that corporate citizenship will become more critical to corporate reputation and business success and less than 10% forecast a lesser role. Another tally by Business for Social Responsibility, a business network found out that 43% expect CSR budget to go unchanged although 31% said it would decrease. Starbucks is also taking a similar long-term approach and has in the past invested heavily in CSR although with declining stocks, perhaps this course may not be sustained this time round (Delevingne, 2009).

Similarly, Stancich (2008) found out that as companies struggle to improve their reputations, CSR is being granted a new lease of life. Currently 81% of the FTSE 100 companies were producing stand-alone reports on CSR, sustainability, environment or related issues, while 56% of companies listed in the FTSE have adopted clear environmental issues. Skapinker (2009) says that Mars, the world’s biggest confectionery company has announced that its entire cocoa supply will be produced in a sustainable manner by 2020. Mars will work closely with the Rainforest Alliance, which encourages farmers to preserve their environment. Likewise, Cadbury, the UK confectionery group has announced that all the cocoa in Dairy Milk, Britain’s biggest-selling chocolate would be certified by Fairtrade, the organization that works to ensure a minimum price for farmers. These two chocolate makers were preceded by Wal-Mart, the world’s biggest retailer, which told a meeting of 1000 Chinese suppliers last year that it would hold them to strict environmental and social standards, the downturn withstanding.

Even in Africa best practice CSR are making headlines even in the face of recession. Safaricom (the Kenyan telecommunication giant), which broke new grounds in CSR initiatives in 2004 (Abdy, 2005) recently announced a budget of $2M towards several projects in the field of environment, education and health (The Standard, 2009). The company is credited by corporate watchers as having set a revolution through its idea of keeping an annual corporate social responsibility scorecard, which is a first in the corporate scene in Africa (Abdy, 2005). Safaricom is also winning accolades for launching a community phone service that has lifted tens of thousands of unemployed Kenyans out of grinding poverty (Daily Nation, 2009). Webb (2006) also cites the case of SABMiller (the South African brewer) as another shining example of CSR in Africa. SABMiller are reputed with having set–up such initiatives as: discouraging irresponsible drinking, using less water while brewing more beer, reducing energy and carbon footprint, increasing recycling and reuse, moving towards zero waste operations, having supply chains that reflect company values and commitment to sustainability, bringing benefits to communities, respecting human rights, reducing the impact of HIV/AIDS and reporting honestly and openly.

In Japan too CSR seems to be staying the course. AsiaCSR (2009) reports several initiatives that suggest that CSR is on course. The Asahi Company, one of Japan’s major newspaper companies and the Forrest Culture Association in March 2008 released a list of 100 villages that are rich in nature and considered to be of greater value to pass down to future generations. These villages will be introduced to the media and at events in order to promote their biodiversity and encourage more thought about global warming prevention and sustainable use of natural resources. The Ecocap Movement, a Japanese non-profit organization (NPO) in Yokohama has since 2007 been engaged in the donation of polio vaccines to children in developing countries through the collection and sale of plastic bottle caps to recycling companies. Similarly in January 2009 Mazda Corporation introduced the world’s market application of single non-catalyst technology in automobiles aimed at cutting down
the amount of precious metals used in motor manufacturing and the effectively purifying vehicle exhaust gases.

In sum, these resolutions to invest in CSR are certainly backed with business sense and also the fact that consumers evidently are willing to buy what they see as ethically sourced (Bold, 2008). This is the key to companies’ stubborn adherence to corporate social responsibility. They have worked out how to make it pay. Many of their initiatives help to cut costs or sustain supplies. They allow customers to continue to regard them as ethical during difficult times. CSR initiatives also help companies to improve their public reputations at a time when business is widely held to be responsible for the downturn.

5. Strategic Management of CSR in a Recession

If CSR is to bear any substance in a recession, then companies must strategically reposition their CSR agenda, putting a strong business case in the fore and locking in all stakeholders in this agenda. Narrating his experience with BSR (Olson, 2008) argues that strategically managing CSR during tough times requires a bold and aggressive approach. Similarly, Radcliffe (2009) asserts that businesses must prioritize CSR in the face of recession. The duo suggests the following as effective strategies to keep CSR agenda a priority in corporations:

- **Become more strategic** – making an economic case for CSR investment will be more important than ever. Projects should be able to demonstrate clear returns and value for money. This means more focused targeting of projects and using new tools for evaluation so as better measure project impact. Every company should be able to include a CSR value so as every investment decision is based on sustainability criteria,

- **Sharply align CSR efforts with core business objectives** – which CSR activities can be “dialed-up” to support the company’s cost-saving efforts, which programs help manage the employee and reputation related challenges that often come with a downturn? Companies from 3M to Wal-Mart credit their CSR-related efforts with total cost savings worth several thousands of million dollars. So to take advantage of CSR opportunities, companies should make sure their portfolio is broad enough to encompass activities that contribute to tangible-and material-business success. Conducting a formal materiality assessment of company’s CSR issues and efforts will help as done by GE and AT&T. In such cases CSR agenda has been clearly focused on two or three key themes that directly support broader corporate priorities.

- **Always be ready with clear and compelling measurements of CSR benefits** – CSR’s tangible and intangible benefits are important drivers of success in CSR at the best of times. When business is bad, it can make the difference between continued internal support for CSR efforts versus having them cut back or eliminated altogether.

- **Think R&D** – CSR is about capacity-building that sustains and increases the value of the core assets – products, people and trust in brand. Indeed best practice companies like GE, Norvatis and Toyota have been hailed for finding ways to increase R&D spending including in new CSR initiatives during hard times. Employees and other stakeholders will notice this and it is during hard times that corporate values show through and loyalties are built,

- **Build brands through total wealth creation** - companies should develop brands based on maximizing the wealth of stakeholders through effective community investment and pro-poor development projects, to foster respect for the brand during a period of financial hardship. Cutting projects, leaving people vulnerable and not following through on CSR initiatives will face a backlash. Brand respect should be maintained even if new methods and innovative projects must be found to do so.

- **Develop environmental projects focusing on economic exclusion** – as environmental issues are pushed of the media to be replaced by tales of financial crisis, so green CR initiatives
should refocus in order to maximize their impact. Environmental issues should seek to be more inclusive or target economically deprived areas.

- **Focus on government accountability** – with the demise of laissez-faire attitude towards much corporate activity, scrutiny will increase from government, shareholders and the media. So increased accountability must be a central part of a company’s agenda of moving forward.

- **Build partnerships across important business units and functions** – CSR is by nature, radically cross-functional. Business units and functions that are the primary drivers of value creation in a business need to be involved. Most of the top CSR issues and opportunities can be properly assessed and addressed only by cutting through the “silo” structure prevalent in large companies. In building partnerships, companies may find allies where they least expect them. Similarly Radcliffe (2009) argues that such partnerships must be seen to be effective. Increasing government involvement can ease project funding demands and help fit better into integrated national strategies and involving NGO expertise can be beneficial for both the company and the NGO and will provide credibility for activities.

Stancich (2008) argues that at its best, CSR can be a strategic management tool that can lead organizations through the current economic downturn and help them to come out the other side better and more robust businesses, where many traditional business tools will fail. At its heart it’s about risk minimization, and opportunity provision: key ingredients for successful business, and ideally central to core organizational values. Importantly, Leggatt (2009) sums up the findings of a recent research by Shoppercentric which suggests that the recession is forcing British shoppers to stop and reconsider where and how they shop, and this observation could as well be generalized to apply globally. The current situation is forcing shoppers to confront their past excesses, and many of the cost-cutting strategies they are learning as a result are likely to remain with them once the downturn ends. So simply creating a brand, giving it a strong promotion and hoping for the best will no longer be enough, what retailers and by extension all businesses will need to understand is that shoppers are looking for support through the bad times and CSR is the way to do it. Likewise, Nussbaum (2009) lists 10 worst innovation mistakes that companies shouldn’t commit during recession one of which is cutting back on their CSR activities wholesale. It may well be that as rightly argued by Radcliffe (2009) company that are well run and manages their CSR agendas well are more efficient in their own right and may actually be better at managing risk and may even outperform others in a recession.

In a nutshell, this paper set out to explore the question of whether CSR can be sustained in a recession and the paper has demonstrated through a review of current literature that indeed CSR is a survivor, albeit in the short run although some corporations are increasingly reviewing and modifying their CSR agenda with time.

6. **Conclusion**

Stemming from the credit crisis, one major impact of the current recession is that there has been a wholesale loss of trust in large business, especially the financial sector, and cutting down on CSR isn’t the way to heal the wounds and regain consumer trust. Customers are wondering who they can trust. Companies have to therefore to continually engage with customers, reassuring them with constant communications about anything from product safety to reliability and good service awards. These things matter and yes these things are part of a robust CSR. Businesses must realize therefore that that short-term thinking in a recession can lead to the false belief that investments in people and training can wait, that corporate social responsibility can be put on the back burner, but not so, now is the time to invest truly and authentically in the people in the corporate responsibility and in communities. Nonetheless, those businesses that still see environmental and social performance as largely divorced from their core business model and overall reputation are more likely to cut back in these tough times. But leadership on CSR is not like a spigot that can be turned on when things are going well. Regaining trust and pushing the reputation to the forefront is going to be a key challenge in order to maintain
corporation ability to operate successfully in most markets. This is where transparency and reporting will be paramount. Having something to shout about will be the cornerstone of any strategic reconnection with dissatisfied or mistrusting customers. In times of recession, sustainability and CSR should take account of the traditional corporate concerns of maintaining cash and liquidity, reducing debt and salvaging working capital and managing costs more efficiently. So by making CSR strategic imperative; companies can also multiply its impact globally. Yes recession is around the corner but businesses must prioritize in the face of recession, so as CSR and sustainability is not swept aside. While the portion of consumers and companies taking ethics seriously remains a minority, an increasing body of evidence indicates that it will continue to grow as society addresses climate change. And so it appears that, recession or no recession, ethical consumerism and ethical business are here to stay.

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