



# The CR management black-hole

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How can companies avoid corporate responsibility falling into a management black-hole? What can managers do to take corporate responsibility forward in their organisation, even if the company overall is indifferent or at an early stage of development in corporate responsibility?

**T**he world faces a series of major challenges from climate change and resource depletion to extreme poverty and a global 'clash of values' which, if not tackled seriously and fast enough, threaten the future of mankind. This will require changes in individual behaviour as well as action by governments and international agreements. But as a recent report from a group of international business leaders states: "global business has a unique contribution too".

Businesses are not, and should not be, charities or quasi-governments. Business action on sustainability and other issues will, and should, only ever become an integral part of the organisation if it is in the long-term interests of business. Hence, the drive to show how corporate responsibility makes business sense.

Of course, this is all only relevant to companies aspiring to be commercially sustainable. If you have a 'here today, gone tomorrow' mentality, you are unlikely to care whether your activities create pollution or destroy lives. You will not worry about having a good reputation with staff, customers and suppliers. On the other hand, if you are 'building to last', factoring in issues of environmental and social sustainability is increasingly going to be part of business basics. Marks & Spencer calls it: "the way we do business." Employee expectations, customer pressures, media and societal scrutiny and regulatory pressures are all pushing in the same direction. Smart businesses are now shifting from a defensive, risk-minimisation approach to a more positive search for business opportunities.

How does business integrate corporate responsibility? Top leadership in business has to believe in it and "walk the talk". Staff and other stakeholders need to hear their leaders explain regularly what responsibility and sustainability means for their business and why it is important. It is surprising that even in companies committed to corporate responsibility, how often staff say they have never heard their bosses talk about it. Preferably, this should be explicitly linked to the values of the business. Intelligent companies use their values as criteria in the recruitment of staff. They incorporate values into induction, ongoing staff training, appraisals and for determining compensation and promotions. The values are the criteria against which the business takes tough decisions.

### **Effective board governance**

Corporate responsibility requires effective board governance. Some companies have a board committee for corporate responsibility and sustainability. Some have a lead non-executive director in charge. Some have a mixed committee of executives and non-executives. Whatever the precise structure, it is important that the company regularly addresses what the most significant responsibility and sustainability issues are, and discusses these at the most senior levels. A mining company will have very different priorities in terms of environmental and social impact compared to a bank or an IT company.

Any business, large or small, needs a process for getting each part of the business to understand their significant environmental and social impacts. Many large businesses have corporate responsibility or sustainability departments. These should not be treated as the dumping ground for anything to do with 'responsible business'. Rather they should be treated as an internal consultancy, advising and prodding different parts of the business. Corporate responsibility has to be everybody's business and not passed onto a 'good works' department!

In particular, this means effectively engaging stakeholders, those people who are affected by or can affect the business.

### **Transparency and accountability**

One really interesting development nowadays is when a business works with a community or voluntary organisation to develop new commercial products and services. Yet another growing aspect of responsible business is transparency and accountability which means a business being able to measure and then report their environmental and social impacts in an increasingly varied range of different formats, from websites and blogs, to putting environmental or health information on packaging and leaflets for consumers.

### **Middle-management black-hole**

The heightened expectations for business are not going to go away. Yet, we are frequently told by operational managers: "what has corporate responsibility got to do with me? It's the board and top management that deals with those things - there's very little that I can do about it!"

On the other hand, conversations with corporate responsibility professionals and with CEOs and senior directors frequently touch on the perceived 'middle-management black-hole'. When it comes to sustainability and corporate responsibility, increasingly top management 'gets it' because they have the overview of the multiple pressures now bearing down on business; and front-line staff are enthusiastic about making a positive difference on things like climate change or the inclusive society. But often, it is the hard-pressed middle-managers who feel the pressure of sales targets, headcount pressures, cost-control drives and they don't see how to reconcile these with sustainability and being a responsible business.

It is obviously easier for operational managers who work for companies that are already on the corporate responsibility journey; and have moved from treating corporate responsibility as a 'bolt-on' to business operation to where it is built into business purpose and strategy.



Businesses which have embedded corporate responsibility and made the link to corporate values and strategy are also more likely to have identified what they want operational managers to do about corporate responsibility. The best companies will have incorporated corporate responsibility into key performance indicators, management training and into reward and promotion decisions. In such cases, the task of operational managers is to understand the corporate responsibility strategy and to define what is expected of them; and where there are opportunities for voluntary initiatives and experimentation over and above core requirements.

To take corporate responsibility forward in their organisation, operational managers should ask themselves if they have a company code of ethics and/or a statement of general business principles. If they do, does it cover all they believe? Is there anything where they would personally go further (assuming they are contractually bound at least to perform their job in compliance with the code)? Have they experienced ethically exemplary behaviour in their business, or conversely ethically dubious behaviour, in which case, what did they do about it? Are there opportunities to get training on corporate responsibility and ethics within or outside the business that they could take up? Are there possibilities to champion a corporate responsibility pilot for the business?

### **Corporate responsibility champions**

Many leading companies are now establishing systems of corporate responsibility champions at all levels of business to promote corporate responsibility overall or particular aspects such as diversity or climate change. Marks & Spencer, for example, has 'Plan A' champions in every single store. Lloyds TSB has an 'enablers network' of

sixty corporate responsibility champions across the business. TNT has champions for corporate social responsibility in each of the 200 countries they operate in. Innocent (the fruit smoothies business) is encouraging suppliers to appoint their own sustainability champions.

Even in companies without clearly defined and embedded corporate responsibility strategies, the committed manager has considerable scope, starting with the manager's own behaviour and ways of operating. There is the opportunity to model responsible and ethical practice and to 'walk the talk.' The operational manager can, for example, be a mentor and encourage staff to take up training opportunities and aspire to achieve all they can become. They can promote talent irrespective of gender, disability, race, age, or sexual orientation and make it clear that bullying or sexist, ageist, racist, homophobic jokes or behaviour will not be tolerated. Even in uncommitted companies, managers should be able to initiate recycling and energy saving schemes, perhaps presented to superiors as another way to save money. Managers can discourage a long hours culture by personal example and also be sympathetic to employees' crises with childcare or eldercare and taking health and well-being issues seriously. They can exemplify ethical behaviour and set a good example and talk to their teams about how they believe business should be conducted, and use examples of events inside or outside the company to illustrate this. Operational managers can also talk about their own experiences of getting involved in a charity or community organisation or campaign and what they get out of it as well as what they put in.

### **Influencing others**

Beyond leading by example in immediate areas of responsibility, an operational manager has a number

of 'spheres of influence' even if the company overall is indifferent or at an early stage of development in corporate responsibility. The individual manager's practical example and (hopefully) the positive results of their initiative, may even be the stimulus to more broadscale corporate commitment. The Doughty Centre at Cranfield plans to study the impacts of such corporate responsibility 'pioneers' in business: what motivates them, what obstacles they face and how they overcome them. Once senior management teams discover the 'pioneers' in their business, they can back their efforts in a way which empowers rather than suffocates and alienates the original 'pioneers'.

Within their 'spheres of influence', managers can support and challenge the suppliers and professional advisers that they have day-to-day contact with, as well as their own peer-group. This may be through a judicious line of questioning about environmental and social impacts; or using their discretion to favour the supplier with better sustainability credentials when other factors such as price, quality and availability are equal. Managers can 'manage up' by putting more attention on relevant aspects of responsible business practice and by helping the organisation to influence its value-chain from initial sourcing to end-disposal. One method which can be effective is when managers show their superiors the number of their own customers who are now requiring proof of environmental and social performance in order to join or stay on their tender lists.

The individual manager will generally be more effective if they can find and combine forces with kindred spirits. Apart from reducing loneliness and self-doubts about whether one is making any impact, there are opportunities

to support each other, by facilitating action-learning through 'communities of interest and practice' and to produce and lobby for innovative ideas.

Managers also have 'spheres of influence' outside working hours in the rest of their lives. This includes their own circle of family and friends, local community and leisure activities as well as being the 4Cs: consumers, citizens, campaigners and co-owners of businesses (through their pension funds, life insurance and other savings). As the 4Cs, managers can reward organisations whose environmental and social performance they approve of, or penalise those whose performance they disapprove of. This experience can also then be brought back into workplace discussions.

Additionally, most managers will be a passive member of at least one professional association. Such associations may well be looking for volunteers to develop their sector or profession's understanding of what sustainability and corporate responsibility means for them; and what the professional body can be doing to raise awareness and spread good practice. Lawyers, for example, now have a legal sector alliance for corporate responsibility. Accountants have the Prince of Wales' accounting for sustainability project and various other initiatives to measure and report on extra-financial performance. There are now a range of organisations offering practical tips for busy managers.

Some things to watch out for include the dangers of loneliness or 'burn-out.' The need to stay balanced for the long-haul: by maintaining a work-life balance. Mental, emotional and physical well-being are all important to keep one's vision of corporate responsibility refreshed.

Climate change, sustainable production and consumption, better interfaith understanding, growing and ageing global populations are all challenges that will shape our futures; and should not be ignored by businesses that want to last. MF

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## ***Definition:***

**A responsible business is one that has built into its purpose and strategy a commitment to deliver sustainable value to society at large, as well as to shareholders, and has open and transparent business practices that are based on ethical values and respect for employees, communities, the environment and other stakeholders.**

**Doughty Centre for Corporate Responsibility**



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