

Ethics and CSR

The Business Issue of the 21st Century

by David Simpson



Steven Cross, executive director of ethicscentre.ca

IN THE MINDS OF MANY, the concepts of “business” and “ethics” seem to fit together uneasily. Increasingly, however, companies are becoming more engaged in this discussion and are wondering what constitutes ethical corporate behaviour and how they might prepare themselves for what the Conference Board of Canada has called “the business issue of the 21st century.”

Business leaders, ethics practitioners, academics and non-government organization (NGO) representatives gathered recently in Toronto for the third annual Canadian Business Ethics Summit to discuss various questions relating to ethics and corporate social responsibility (CSR). We asked Steven Cross, executive director of ethicscentre.ca, to synthesize these discussions in responding to our questions.

What motivates companies to incorporate ethical and socially responsible practices into their businesses?

Our summit participants told us that, fundamentally, the motivation to improve company operations in a socially responsible way revolves around a keen desire to do the right thing. And while the ability to think along economic, social and environmental tracks simultaneously can be found at all levels of an organization, it typically takes on real meaning only when the top leaders give it consistent voice and practice. Walking the talk when approving projects and setting performance measures is critical. Motivation can sometimes come from the numbers as well. In many instances, a proper analysis on an issue demonstrates that doing the right thing does indeed offer a solid financial return over the long haul.

What are the biggest obstacles preventing companies from getting involved with ethics and corporate social responsibility?

Obstacles can come from many places and appear in many forms.

Topping our list, though, would be an overemphasis on short-term results because short-term results drive short-term thinking and expedient solutions are rarely socially responsible. For example, it is easier and quicker to lay off employees during difficult economic times than to negotiate flexible time and/or work-sharing arrangements. Other key obstacles arise when managers and leaders have limited awareness of the issues or limited ability to deal with complex matters. For example, compliance programs without real learning attached to them are rarely successful.

What are the key characteristics of an ethical company?

It is about principled leadership, transparency, honesty and a real organizational commitment to dealing with ethical issues. These qualities are what characterize socially responsible companies. Two aspects of this are absolutely critical:

1. That values and ethics be embedded as an integral part of both operations and strategy.
2. That the company explicitly consider the ethical dimensions in *all* decision making at *all* levels.

Does being socially responsible impact the bottom line?

Yes, it does, but generally the positive impact on the bottom line only crystallizes with time. Some positive impacts from CSR will remain largely intangible, but they will have a direct influence on things that do affect the bottom line. 🍀