

# Why Corporate Responsibility Matters

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Almost on a weekly basis, we read and hear about well-known corporations being exposed for unethical actions such as the exploitation of cheap labor and harming the environment. Media exposure has forced the corporate world to stand up and face the problems that affect their stakeholders, and use their economic and social power to address any concerns effectively and efficiently. Having had the fortunate experience of working for a large, multinational corporation, and had the opportunity to travel across the world - I have learned to appreciate the importance for companies to be socially aware and develop an understanding of international issues.

For those of us looking to enroll in the business world, understanding and demonstrating effective corporate social responsibility has become a fundamental characteristic for success. Creating a balance between the need for profit and the wants of people can be tricky, especially when thinking globally, which also makes defining Corporate Social Responsibility (CSR) difficult. However, I have come to conclude that CSR is about how companies manage the business procedure to produce an overall positive impact on society.

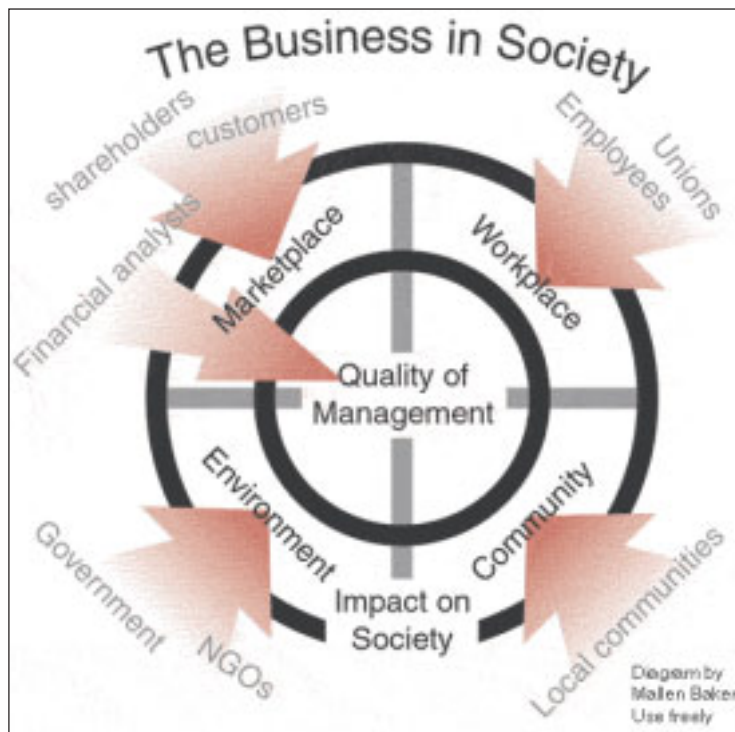
While completing my summer internship with the Royal Bank of Scotland (RBS), my co-workers and I were required to interact with the local community, raise money for charities, and generally represent the bank in a positive manner. On a larger scale, RBS received national recognition for investing in the education system and donating money to children's hospitals. But what has forced this shift towards social responsibility? Well, high expectations for

consumers, intense media exposure, and the growing concern for the environment have forced large multinational corporations such as Johnson and Johnson, Nike, and GAP to recognize domestic and international

issues arising. Companies like Nike or Gap, who regularly outsource production, are unable to maintain total control throughout their line of production because authority is passed on to external retailers who dictate

whether or not they employ children and what conditions their employees work in. Negative press is a sure way to damage business, and in particular customer relations, which is why corporations spend so much money on CSR.

Nevertheless, one thing that is for sure – the pressure on business to play a role in social issues will continue to grow. Over the last ten years, those institutions which have grown in power and influence have been those which can operate effectively within a global sphere of operations. So next time you pick up a coffee at Starbucks, or pay a visit to Wal-Mart, have a look at how they are demonstrating their social responsibility, and consider how you take CSR into your area of business.



issues.

Now corporations are realizing that by showing responsibility towards social issues, consumers are more inclined to buy their products. Acting in the best interests of their customers gives consumers piece of mind and creates a sense of loyalty between the corporation and the customer. For example, BP's new attitude towards renewable energy has seen their profits rise by 16% in 2007. This way of thinking can only be positive for the economy because since large corporations have the ability to help social issues, consumers will be attracted to their business. This will lead to an increase in trade and eventually create more employment opportunities, ultimately leading to a healthier economy.

However, the problems with large, multinational corporations who attempt to demonstrate effective CSR is that they are not able to completely eradicate unethical

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