

Benchmarks and Best Practices in Corporate and Community Social Responsibility

A consultation of Canadian CCSR stakeholders

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1.0 Executive Summary

Abacus Data and the Corporate and Community Social Responsibility Conference at Algonquin College in Ottawa, Ontario partnered to conduct a consultation of CCSR stakeholders in Canada. The consultation collected some baseline measures on what corporations and NGOs are doing build partnership and bring positive impacts to the community. It also sought to identify areas where each side could make improvements to build better relationship in the future.

1.1 Key Findings

- **A CCSR point person is needed.** The consultation found that corporations who had a person within the organization specifically responsible for CCSR activities were more likely to fully implement their CCSR strategy.
 - Corporations who had a senior manager responsible for CCSR activities were more likely to fully implement their strategy.
- **Reasons why corporations pursue CCSR strategies were mixed.** Research found that no one reason emerged as to why corporations pursue CCSR strategies. The top three reasons given were to satisfy customers, stakeholders, and management.
- **Community development was the top CCSR focus for corporations.** Research found that community development was the focus most mentioned by respondents from corporations followed by customer satisfaction and workplace quality.
- **Finding NGO or social enterprise partners.** Corporations we spoke to seek to work with organizations and cause whose missions align with their own. They also look for respected organizations with credible and professional governance.
- **CCSR activities impact reputation and employee retention say respondent.** The consultation found that respondents believe CCSR activities have an impact on their company's reputation and ability to recruit and retain employees. The impact on profit was thought to be less so.
- **Wanted: clear plan and proposal.** NGOs and social enterprises should approach corporations for partnerships with a clear plan and thought out proposal which shows impact and benefits. They should approach companies whose missions align with their own.
- **Look beyond money.** Although many NGOs and social enterprises said they need money, others suggested that corporations look beyond monetary donations and instead consider providing support in HR, IT, and administrative services.
- **"Ask not what your NGO can do for you – ask what your NGO can do for your community."** This is the frame of mind that corporations should consider when deciding whether to expand its CCSR activities.

2.0 Research Objectives

Corporate and community social responsibility is an overarching framework that embodies the key principle of sustainability for:

1. Individuals to be mindful on the environmental and social impacts of their daily activities and;
2. Corporations to be to be mindful, in addition to the traditional on-going focus on the economics/operational aspects of the company or bottom line, to pay attention to the environment in which they operate as well as to the social aspects of the people it touches (employees, customers, suppliers and the public at large).

These principles lead to the concept of the triple bottom line: profit, people and planet.

Little research has been done in Canada that examines what corporations and social enterprises are doing to build relationships and facilitate long-term, productive relationships.

Increasingly, corporations are recognizing the value of developing and implementing CCSR strategies that improve their own internal operations as well as make significant and meaningful investments in their community.

We also know that a growing number of Canadian consumers are aware of CCSR and many are willing to change their behaviour in support of organizations that are socially responsible. A recent Abacus Data national survey found that 62% of Canadians would be willing to spend more for a \$100 product from a company that is socially responsible. Moreover, 50% said they would be willing to take a pay cut in order to work for a socially responsible company or organization (Abacus Data, www.abacusdata.ca, 2010).

These findings point to two realities: (1) corporations can benefit both in terms of profit as well as employee recruitment and retention by following socially responsible practices and (2) social enterprises have an opportunity to partner with corporations who recognize the benefit of adopting CCSR strategies.

This study, in conjunction with the Corporate and Community Social Responsibility Conference at Algonquin College in Ottawa, is a starting point for understanding how CCSR operates within Canada.

The objectives of the study were to:

1. To collect baseline information regarding the CCSR policies and activities from a broad group of stakeholders in Canada, and
2. To develop an understanding of best practices in CCSR for corporations and community organizations in order to help facilitate better communication and cooperation between these stakeholders.

The following report highlights the main findings from a consultation with over 150 corporate and community representatives. It is not a scientific survey of the Canadian business and community organization environment but does offer some insights into what is happening in the CCSR space.

4.0 Methodology

Unlike a scientific survey where a random sample of the study universe is extracted, a consultation involves non-random data collection from a varied group of participants.

This study was conducted using an online survey instrument and email invitations were sent to stakeholders identified by the Corporate and Community Social Responsibility Conference at Algonquin College. More than 1,400 invitations were sent out to individuals working at private and public corporations, NGOs and social enterprises, government departments and municipalities, and academics conducting research on CCSR.

The link to the survey was also included in a newsletter of *Corporate Knights* and on the website of the CATAlliance.

In total, 191 individuals completed the consultation. However, respondents who were not involved in CCSR activities within their organizations or those with no knowledge of their organization's CCSR policies were asked a more limited set of questions.

The findings in this report are not representative of the opinions of Canadian corporations, NGOs, or government but offer an initial assessment of what is going on in the CCSR space and how partnership and collaboration can be improved in the future.

We report on responses from individuals representing corporations and NGOs/social enterprises. Responses from government and academic researchers were not reported due to the limited number of responses we received.

Stakeholder Groups	Responses
Privately-held corporations	75
Publicly-held corporations	24
Publicly funded organizations	10
NGO/Social Enterprise	50
Government	19
Academic researchers	13
Total	191

5.0 Corporations and Publicly Funded Organizations

Having a CCSR strategy is an important step in implementing a socially responsible agenda for a corporation. Overall, our consultation found that only a slight majority of the individuals working at a corporation or publicly funded organization said their organization has a CCSR strategy in place.

Figure 5.0: Does your organization have a CCSR strategy in place?
(n=100)



When asked whether this strategy was fully, partially, or not at all implemented, action was mixed. Although all respondents said their organization implemented at least some of the strategy, only 53% said their organization's strategy was fully implemented. In other words, while many organizations have an existing CCSR strategy only about half of them fully implement them.

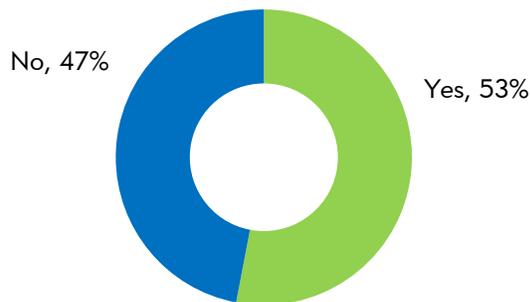
Figure 5.1: To what degree is the CCSR strategy being implemented and tracked?
(n=55)



One reason for partial implementation may be a lack of specific personnel responsible for implementing the strategy. Our research indicated that of those organizations with a CCSR strategy, only 53% have an individual within the organization who's responsibility includes corporate social responsibility.

Organizations that had someone responsible for CCSR were far more likely to have a fully implemented strategy than those without a specific individual assigned the area of responsibility.

Figure 5.2: Does your organization have individuals with Corporate Social Responsibility in their job description? (n=55)



For organizations with an individual responsible for CCSR, 44% said the individual was within senior management while 31% said the individual was within middle management. Of note, organizations whose CCSR strategy was the responsibility of a senior manager were more likely to have a fully implemented strategy. It is fair to assume that if a senior manager is tasked with CCSR, an organization's strategy is more likely to be fully implemented because it has the support and direction of senior managers.

5.1 Why a CCSR Strategy?

Respondents were asked to rank the top three reasons their organization implemented a CCSR strategy from a list of options. The top three ranked reasons were to satisfy the demands of customers, to satisfy the interests of stakeholders, and to satisfy the interests of management.

Satisfying the demands of customers was not only the top ranked reason but it received the largest number of rankings overall (one, two, and three) indicating that at least for some organizations, there is a perception that customers want companies to act in a socially responsible way. This seems to align with other research that suggest that consumers are willing to spend more from companies that are socially responsible.

Certainly, many of the reasons listed are interrelated. For example, management may want to improve the reputation of their company and in doing so, satisfy the interests of shareholders and stakeholders. Moreover, an improved reputation may lead to more satisfied customers and therefore greater sales.

Nonetheless, it is noteworthy to see that no single reason stands out and that individuals working in corporations or publicly funded organizations identified multiple reasons for having a CCSR strategy.

**Figure 5.3: Please rank the top three reasons why your organization has a CCSR strategy where 1 is the top ranked reason.
(Top ranked, # of responses)**



5.2 Where is the focus of CCSR policies?

Most of the individuals consulted (79%) said that their organization's overall CCSR activities include both internal and external activities. Only 18% of respondents said their organization focuses primarily on external causes and organizations, while 3% said they focus only on areas within their organization.

Next respondents who were aware of their organization's CCSR policies were asked to identify which areas their organization has clearly defined CCSR policies and practices in place. They were able to select all that applied to their organization from a list of options.

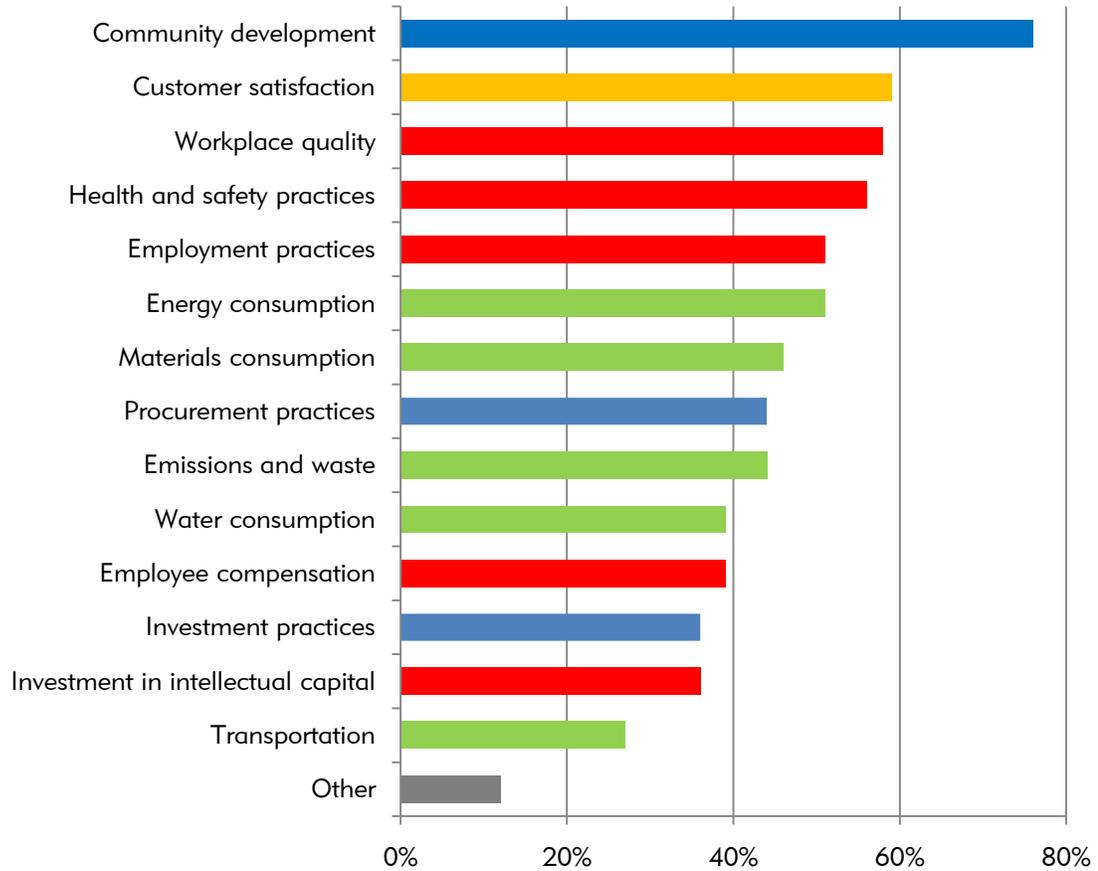
Figure 5.4 reports the percentage of individuals who selected each category. The colours in the chart represent the general category of each area. Green represents environmental policies, red is for employee or workplace policies, blue is social or community policies while orange relates to customers or clients.

Overall, three in four respondents (76%) said their organizations have clearly defined CCSR policies related to community development. Workplace quality and health and safety practices were second and third at 58% and 56% respectively.

On the other end of the scale, policies related to investment, water consumption and employee compensation were far less likely to be selected.

These findings suggest that Canadian corporations and publicly funded organizations have CCSR policies that deal mainly with community development and fewer have developed specific policies related to environmental issues and how their money is invested.

Figure 5.4: In which of the following areas does your organization have clearly defined CCSR policies and practices in place [check all that apply] (n=59, % of all responses)



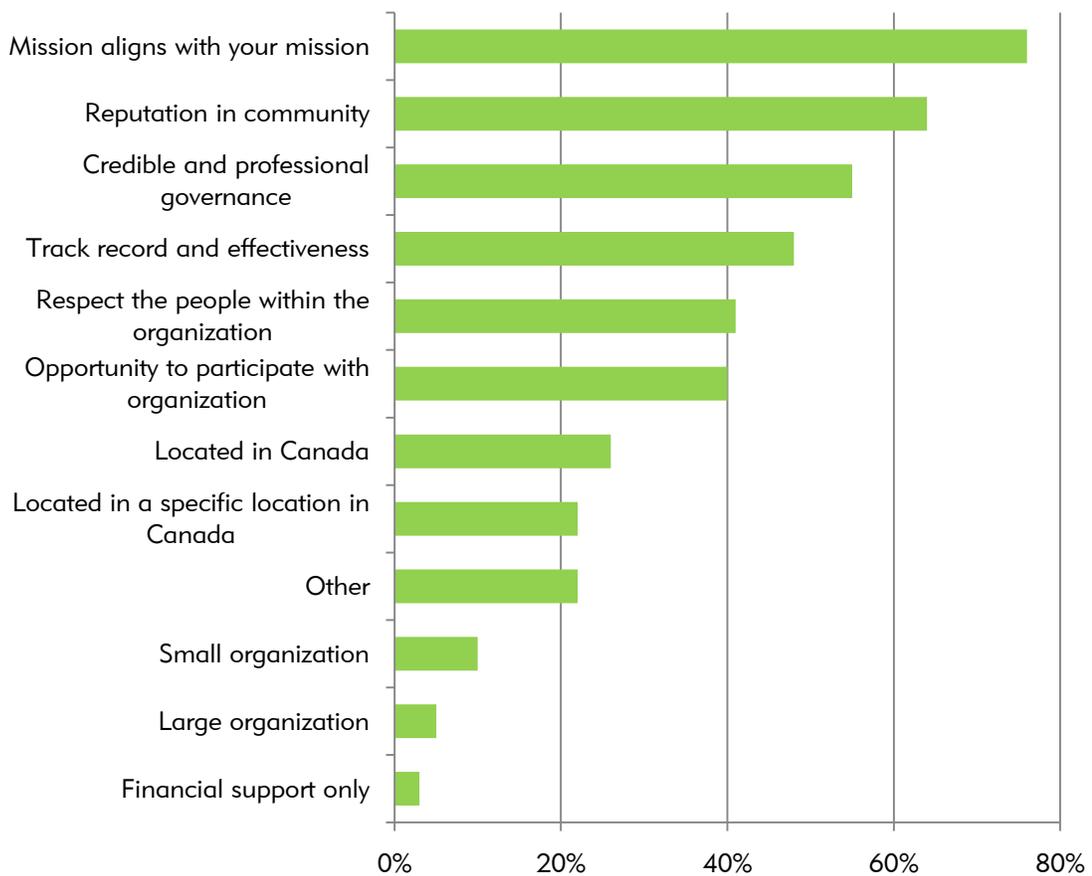
5.3 What are you looking for in CCSR partners?

Next we asked respondents to identify the key parameters their organizations use when decided which causes or organizations to support when implementing their CCSR strategies. The results indicated that overall, the nature of the organization or cause was the most important factor.

For example, 76% of respondents said that the organization or cause’s mission must align with their organization’s mission while 64% said that the cause or organization’s reputation in the community was important. Furthermore, 55% said that they consider whether the organization or cause they may work with has credible and professional governance and 48% said they consider the organization’s track record and effectiveness.

In other words, organizations or causes seeking to build partnerships must be willing to show how their mission aligns with a prospective partner's and build confidence that they are credible and have a strong reputation in the community.

Figure 5.5: What parameters does your organization use in deciding which causes or organizations to support?
 [check all that apply]
 (n=58, % of all responses)



Geography or organization size was not an important factor for respondents. Only 26% of respondents said that whether the cause or organization is located in Canada while 22% consider a specific location in Canada. Even fewer mentioned size with 10% saying small organization was a parameter while 5% indicating large organization was a parameter.

5.4 The impact of CCSR strategies

Switching gears somewhat, we asked respondents to assess the impact of their organization's CCSR activities on three business metrics: (1) their reputation, (2) their profits, and (3) their employee retention and recruitment.

Overall, respondents do seem to believe that their CCSR strategies are having a positive impact on their organization. Most important seems to be their activities' impact on improving their company's reputation. Almost six in ten respondents (59%) said that their CCSR activities are having a major impact on improving their company's reputation while another four in ten (39%) said there has been some impact.

Along with reputation, CCSR activities are also linked to improving a company's employee retention and recruitment. Simply put, respondents see an impact in attracting talent and keeping employees. One in three (33%) said that their CCSR activities are having a major impact while another 50% said they have some impact. Prospective employees consider an organization's social responsibility record when decided where to work and results from the consultation support this idea.

Where CCSR activities seem to make a relatively smaller impact is on company profits. Nonetheless, over two thirds of respondents said that their company's CCSR activities have at least some impact on profits. One in four said there was not much impact while 8% said it had no impact.

Table 5.0: The Impact of CCSR Activities

Impact	Major impact	Some impact	Not much impact	No impact
Improving your company's reputation	59%	39%	2%	-
Increasing your company's profits	20%	47%	25%	8%
Improving your company's employee retention and recruitment	33%	50%	14%	3%

5.5 Rating CCSR policies in Canada

Respondents were asked to rate the CCSR policies and practices of Canadian corporations and NGOs relative to those in other countries. Generally, many respondents were unsure, however there seems to be a general consensus that Canadian NGOs and corporations are not leading the way. For corporations, respondents self-assessed the job they are doing and 31% said that Canadian corporations are lagging behind other countries while 12% said they are leading the way. Another 22% said Canadian corporations were at the same level as those in other countries.

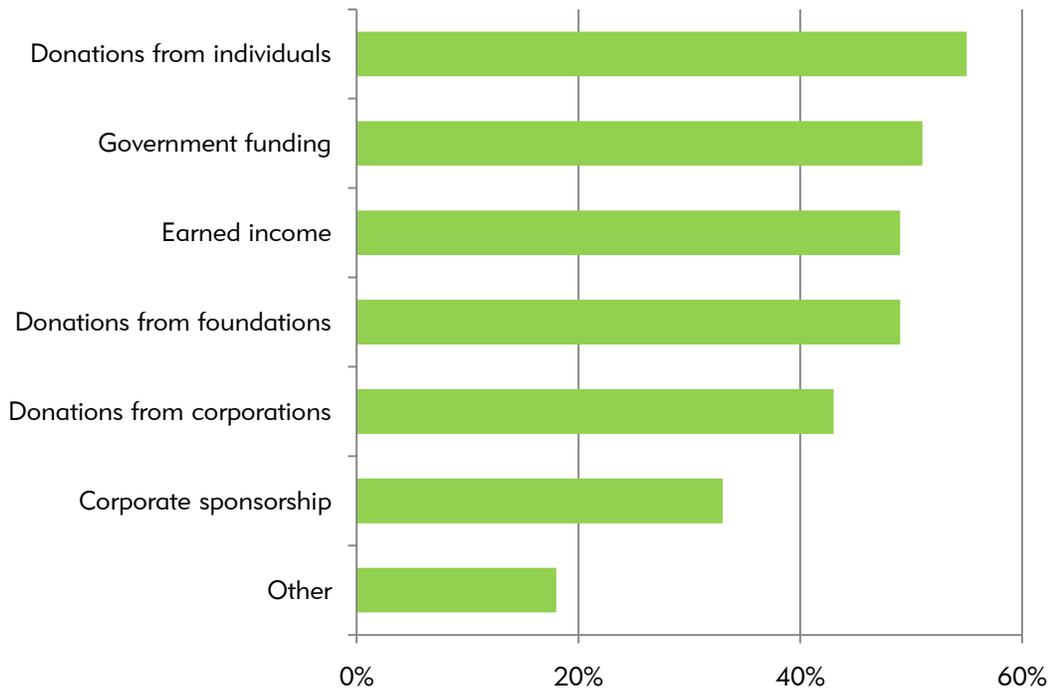
6.0 NGOs and Social Enterprises

This study also consulted with individuals who work for an NGO or a social enterprise. Of those who participated, 10% worked for an organization that had less than three employees, 23% worked for one with three to 10 employees, 25% worked for one with 11 to 20 employees while the remaining 42% worked for organizations with over 20 employees.

The NGOs or social enterprises consulted did work mainly in Canada (87%) while 13% said their focus was outside of Canada. Thirty percent worked on environmental issues while the remaining 70% said their CCSR focus was on social issues.

We asked respondents to identify all the ways that their organizations obtains funding. Results indicated that these organizations have varied funding sources.

Figure 6.0: How does your organization get its funding?
[check all that apply]
(n=51, % of all responses)



A majority of respondents said their organizations received funding from individuals (55%) and from government (51%). The least mentioned funding source was corporate sponsorship (33%).

6.1 Delivery of Services

When asked how they deliver their service, 80% of respondents said their organizations delivered their service directly, while 51% delivered advocacy efforts, 37% did research, and another 37% said they supported other NGOs. Only 16% said they direct funding to other NGOs.

Funding was a key resource that most respondents felt could help them deliver a more effective service for their cause. Eight in ten respondents (80%) mentioned that more funding would help. More human resources was another area that respondents felt would help improve their operation (64%). Other things that would help included higher awareness (52%), stronger relationship with corporations (48%), stronger relationship with government (40%), and better legislative incentives in support of charitable organizations (38%).

Similar to other functions, many of these overlap. However, what is clear from the consultation is that NGOs and social enterprises need funding – which allows them to obtain more financial resources and to better deliver the service they offer.

6.2 Rating CCSR policies in Canada

Respondents working for NGOs or social enterprises were also asked to rate the CCSR policies and practices of Canadian corporations and NGOs relative to those in other countries. Respondents were far more critical of corporations since only 2% of respondents said that Canadian corporations are leading the way. Instead, 37% said that corporations are lagging behind while another 20% said Canadian corporations are at the same level as corporations in other countries. Forty-one percent were unsure.

When it came to evaluating NGOs and social enterprises in Canada generally, respondents were somewhat more positive but still, only 22% said that NGOs in Canada are leading the way compared with those in other countries. One in five (18%) said that Canada was lagging behind while 27% said they are at the same level as NGOs and social enterprises in other countries.

Clearly, in the case of corporations and NGOs, individuals working for NGOs believe more needs to be done and Canadian organizations are not operating at the same level of those in other countries.

6.3 Advice to Corporations

We asked respondents from NGOs and social enterprises to offer one piece of advice to corporations seeking to partner with an organization like theirs on CCSR activities.

Much of the advice given focused on three core areas:

1. **“Look beyond monetary donations and consider providing support in the areas of HR, IT, Administrative supports and space.”** Many respondents suggested that corporations move beyond traditional forms of support (financial) and consider offering technical or administrative help to NGOs or social enterprises. The value provided by in-kind contributions, the mobilization of other resources and the higher awareness corporations can bring to a cause can be greater than a simple financial donation. Although NGOs and social enterprises need money, they are

