

The business of corporate social responsibility

By [Noëleen Bruton](#)

24 Jan 2013

Ever since the dawn of the industrial age, debate has raged over whether or not companies carry a responsibility solely to make profit, or whether they have a responsibility to the society from which they generate a profit. As a company in the gaming industry, Tsogo Sun is mandated by our bid commitments to give back to society and the communities in which we operate, but I believe there is much to be said for "doing good while doing good business".

However, in the interests of keeping an open mind, I recently did some research into the business of corporate social responsibility (CSR). The most well-known critic of companies being socially responsible was Milton Friedman, a businessman who, in 1970, argued that only people have responsibilities and that business is responsible only for using its resources to engage in activities designed to increase profits, as long as it does so in open and free competition without deception or fraud.

I believe the best argument in support of business extending their objectives beyond profit was put forward by authors Margolis and Welsh, who described two major concerns: firstly, that misappropriation happens when decision makers divert resources from the rightful recipients, namely shareholders and employees, and, secondly, that misallocation occurs when business executives don't focus on making money - effectively that they are distracted.

Viewpoints are definitely not universally shared

As we have come to realise through the incredible commitment by businesses in South Africa - particularly in the gaming industry - to giving back, these viewpoints are definitely not universally shared. As early as 1979, Quaker Oats president Kenneth Mason, writing in Business Week, stated that Friedman's "profit only" views were "a dreary and demeaning view of the role of business and business leaders in society". Jack Welch (1992) stated that the greatest contribution a business could make in society was its own success, which is a fountainhead of jobs, taxes and spending in the community.

In the context of modern South African society, although I believe that profitability should be the primary objective of business, I don't think it should be the only objective or that profit seeking should be at the risk of good corporate citizenship.

Times have changed and organisations can no longer act within a vacuum. Not only can ignoring, for example, environmental and social issues be bad for business, but companies now operate in an environment in which they are legislated to play a more holistic role in society.

This is particularly true in South Africa since our transition into democracy in 1994; the government has introduced

significant and far-reaching changes to policy and regulations, many of which have contributed enormously to South Africa's sustainable organisational agenda. The gaming environment has undoubtedly been one of the greatest contributors towards community upliftment since the legalisation of gambling.

Advantages of being good corporate citizens

Over and above legislation, companies are realising the importance and advantages of being good corporate citizens and incorporating CSR and sustainability into their strategic planning.

There are so many good reasons for a business to do good, most of which are clearly to the benefit of the organisation and not just to society. Some of those listed by authors Louw and Venter in 2011 include better anticipation and management of an ever-expanding spectrum of risk; improved reputation management; enhanced ability to recruit, develop and retain staff; improved innovation, competitiveness and market positioning; improved ability to attract and build effective supply chain relationships; more robust "social licence" to operate in the community; and improved relations with regulators.

I'm sure we would all agree, particularly as an industry whose social responsibility is so highly regulated, that Friedman's views are outdated and myopic in today's business environment. Companies need to see themselves operating in a more holistic world and not in isolation.

The more businesses can see the advantages of "doing good while doing good business", the more benefits they will see to their bottom line and within society as a whole. Last year, Tsogo Sun launched our SunCares programme, which is all about ensuring sustainable partnerships with local communities to provide children with life skills through the arts and sport, as well as giving support to 60 woman entrepreneurs with guest houses and continuing our proactive environmental management programme. One small example of how we support small businesses is through the procurement of all our in-room biscuits from Khayelitsha Biscuits, a small black enterprise that we helped to establish. The cost, quality and delivery reliability is comparable to historical big providers, yet we've managed to share "wealth", grow a black enterprise and assist an entire community - "doing good while doing good business".

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