



Public Relations appeared when managers understood that they can be better than their competitors, by improving the communication with their publics. Do you think CSR represents just a new way of fighting against the competitors?

CSR could or better should be considered as a competitive advantage but not when applied merely as a PR tool.

“Enlightened” managers are improving their companies’ communication because they are aware (or at least they had the smart intuition) that a continuous and mutual dialogue with the stakeholders has the positive effect to mitigate, among the other things, the risks that companies are facing in their daily activity, preventing damages affecting the reputation of their organization.

The real leap of quality occurs when CSR becomes part of an industrial plan, meant to be strategic with specific targets and performances to be achieved through a serious and rigorous policy of sustainability, audited internally and externally and monitored by CSR officers and “ambassadors” within the company. Only when this stage of maturity is reached we can say that CSR is a new way for companies to improve and distinguish themselves from peers.

In a recent article published in Wall Street Journal, Anneel Karnani, associate professor of strategy at the University of Michigan's, argues that when the companies’ profit and the social welfare are in direct opposition, companies won’t act voluntarily in the public interest and against shareholder interests. And, therefore, CSR is irrelevant or ineffective. How would you comment this perspective on CSR?

Sustainability as the etymology of the words self explains it can be considered the company’s ability to keep the Social, Economic and Environmental dimensions in an efficient, virtuous balance (to sustain). What I would oppose to professor Anneel Karnani argument is the drastic dichotomy between profit and social welfare.

Companies and corporations that are only ravenously profit and shareholders oriented, ignoring the environmental and the social aspects (and therefore those “families” of stakeholders that are expecting results in these directions) are much more vulnerable (and for this reason possibly less profitable on the long run) than their actual sustainable competitors. What is true is that facing the current state of art. There are still too many companies that are ignoring what sustainability means and some other companies they are in a sort of limbo, willing to appear sustainable but not fully committed to the sustainability’s cause.

Profit has to be the tool through which companies create the value but this should not be seen

just as a dividend to satisfy the “hungry” shareholders. The real dividend is the, reliable, “green”, ethical, long lasting value that the company is creating and generating in the long run. In one word, “sustainability”.

If, as for the example of professor Karnani the profit and the social welfare are in a direct opposition this simply means that the business is not profitable or better it seems profitable but is not creating value which is dramatically different and dangerous for the shareholders on a longer perspective of investment.

So CSR is not irrelevant or ineffective when there are contrasting interests among shareholders. It is instead the way to get out from a misleading concept of profit.

□ The role of government nowadays, from a CSR point of view, implies the need to manage the complex relationship between business and social organizations. How well do you think government understands its changing role in different countries in Europe you are familiar with?

The globalization brought not only an impressive development of some emerging economies but also phenomena such as: massive migrations, demographic changes, economic crisis, unemployment, violation of human rights and therefore the existence of weak categories of citizens. This situation puts in the hands of the governments the responsibility of protecting those categories. From a CSR point of view this means to create the conditions in the society of a balanced relation between the companies (business) and the social organizations. I think that some governments responded more proactively and efficiently than others to this essential change of roles.

As per their tradition and culture, within Europe, Scandinavian countries, with their well tested in the years welfare state model, could implement CSR policies promoting the constructive dialogue between business and social organizations thus tackling the problems deriving from the globalization. Some other countries, both for a matter of their size (magnitude of problems) and structural (mis)organization, such as Italy or southern countries, were a way behind the Scandinavian countries confronting these new challenges.

Seems that however most of the European governments understood (at least looking at their promising political plans) the importance of this crucial link between Social organizations and the business. They cannot be considered apart from the rest of the society and whose role, in a healthy, ideal capitalistic model, should be also to provide full employment and wealth.

□ CSR and pharmaceutical companies. How well do these two elements fit together?

Pharmaceutical and automotive sectors are the most “spine-tingling” ones in terms of CSR

Scris de Pierluigi Orati
Joi, 07 Octombrie 2010 01:18

From Hippocrates to hypocritical the broad gap has been quickly bridged by pharmaceutical companies along the centuries.

Looking back in the years is enough to think about the story of penicillin and why it wasn't used to save lives since its early invention (1929). Sulphonamides created by the Farbenfabriken, of Friederich Bayer & C (1935) were literally pushed in the market despite their less effective healing performances. A similar story (and same pharmaceutical corporation, Bayer) happened for the aspirin's story invented by Felix Hoffmann. Despite his great intuition, he didn't become neither rich nor famous.

A lot of time has gone by but the situation seemingly has not changed meanwhile.

These old but true examples are meant just to provoke and to let the readers think over the fact that such industry sector is unfortunately not driven by a community spirit as it should be but rather the “crazy” (and billionaire) competitiveness and the search for market share and profits seems to be the only reason animating this sector.

In an ideal world, medical research and, as a result, pharmaceutical products should be, by definition, a “common good” saving lives no matter which copyright or intellectual property is involved. But I am aware of the fact that this could seem as a fairy tale to most of the gentlemen and businessmen reading this interview.

Costs of research are surely very high but nowadays what seems to be a treacherous field for pharmaceutical industries when we look at CSR is their pricing policies and a lack of transparency, including the relationships with patient organizations and the lack of access to information about clinical trials.

Conclusions: Pharmaceutical sector, as well as the automotive one - stuck on producing engines invented two centuries ago- are two of the industry sectors in my opinion more “spine-tingling” and in need of a “let's get going” as far as CSR is concerned.

□ What companies do you admire for their CSR practices and what companies you blame for their CSR practices?

A simple question that made me think a lot. Most of the self claiming sustainable smiling companies out there they show just their gold-capped teeth.

It is full of forgers and they have the double sin to make sustainability not reliable. I surely won't look at the DJSI in order to find the sustainable example to mention in my answer as BP was part of it while it shouldn't be there and I sadly saw that in this 2010 DJSI components just published there are companies such Halliburton Co. (BP Spill) and ThyssenKrupp AG guilty for a fire at the ThyssenKrupp steel mill in Turin that not so long ago caused 7 victims and several severe injuries.

I would not be so proud to be in such index together with ThyssenKrupp AG that has one of the worst workplace safety records of the six founding members of the European Union, with 984 reported dead in workplace accidents as of October 2007. So if this is the top of reliability in terms of Sustainability, I ask myself and to those responsible for this “world elite”, what there is behind this? Why these examples are considered sustainable?

However even not considering the disappointing DJSI, I think that there are a lot of little companies in Germany and in northern Europe believing and investing in CSR policies, integrating CSR in their strategies and seriously respecting the environment.

Unfortunately, seems that there is a difficult balance among the famous three areas and if a company performs well environmentally, the same company acts clumsily by a social point of view, however the issue is not unworkable.

It is enough to open the eyes and the ears to listen all the rumors floating around concerning this or that big corporation (conversation “off the record” are the most useful for that purpose). I invite instead the CSR managers and all those working on these issues, from the space that this interview is kindly giving me, to have a bash at it. Sometimes resolutions are good and in the end results are way off the mark. Do not search just for a reputation consensus, this will not payback if there is not a serious strategy and an actual sustainable commitment supporting it.

Pierluigi Orati has a Master Degree in Social Sciences and he is a doctor in Economics with a strong background on these topics, he has been several years in charge of relations with Sustainability Analysts and Social Responsible Investors answering their questions and providing them with all the necessary information about Enel's CSR.

The creation of a section of Enel's CSR home page to involve stakeholders directly through multidimensional scaling (Sustainability Meter) was one of Pierluigi' specific tasks and the broad response of stakeholders seemed to indicate the success of the initiative.

Pierluigi has been a member of the international GRI (Global Reporting Initiative) Working Group Board, involved in revising and discussing worldwide with Enel's competitors and NGOs in order to cooperate with them in writing the new CSR guidelines and detecting the key performance indicators for companies in the energy industry (EUSS).

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He is also a free lance journalist and a member of the International Scientific Board Committee of "La Finanza" two-monthly magazine of Economy, Finance and Geopolitics.

Pierluigi is currently working, in the little spare time, as free lance independent sustainability consultant and daily with renewed interest and effort in the Country Risk Management unit for Enel where he manages relations with the ECAs (Export Credit Agencies) at a global level.

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