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Corporate social responsibility or CSR has become one of the standard business practices of our time. For companies committed to CSR it means kudos and an enhanced overall reputation – a powerful statement of what they stand for in an often cynical business world.

The establishment of a CSR strategy is a crucial component of a company's competitiveness and something that should be led by the firm itself. This means having policies and procedures in place which integrate social, environmental, ethical, human rights or consumer concerns into business operations and core strategy, all in close collaboration with stakeholders.

For companies, the overall aim is to achieve a positive impact on society as a whole while maximizing the creation of shared value, for the owners of the business, its employees, shareholders and stakeholders. The European Commission defined CSR as the responsibility of enterprises for their impacts on society, a succinct and distinct summation for sure.

A study by the Kenexa High Performance Institute in London found that organizations that had a genuine commitment to CSR substantially outperformed those that did not, with an average return on assets 19 times higher. Additionally, the study showed that CSR-orientated companies had a higher level of employee engagement and provided a markedly better standard of customer service.

And yet, despite the positivity and optimism that CSR brings to the corporate table, companies do not always accept their responsibilities in this area in good heart, with a fair number admitting to having adopted CSR mainly as a marketing gimmick. In some cases, firms may have been coerced into adopting CSR and did so with insufficient enthusiasm and vigor, leaving many of them to ponder what they could and should have done differently.

For those considering CSR as a strategic option the question to ask may very well be this: is the CSR payoff always worth the outlay? The factors driving companies to pursue a CSR agenda are fairly consistent across the corporate world; however, once a company makes the decision to adopt CSR orientated activities, a plan, involving a lot of engagement with employees, managers, suppliers, NGOs and others, must be implemented to carry out the agreed CSR program.

CSR is fundamentally about ensuring that companies forward broader public objectives as an integral part of their daily activities and this can only be ensured with the appropriate communication channels with stakeholders. CSR policies need to be considered as a core and inseparable component of the overall service or product offering.

It is re-evaluating how the company thinks about its impact, engaging stakeholders beyond shareholders and coming up with a plan to improve the impact of the business on society and seize business opportunities and make cost savings as a result.

Cynics suggest that companies often develop a CSR agenda not because of an altruistic desire to assist in curing the ills of society, but for reasons more akin to a box ticking exercise. Whatever the consensus, some organizations either implement their CSR program with a distinct lack of heart or resist adopting a CSR policy altogether.

In my opinion, if a resistance to CSR policies does exist, it usually stems from the notion of allowing external stakeholders to directly influence corporate policies and strategies, an idea that is largely antithetical to the basic mindset under which many, if not most, corporations operate. An honest adoption of CSR often requires a serious reformulation of corporate purpose and decision-making structures. Such change also implies, and rests upon, the adoption of a corporate culture which actively encourages employees to consider how the company might be able to do better in the world. When CSR policies are adopted without simultaneous tools for stimulating and allowing deep change, one can expect similarly soft results in terms of CSR outcomes and impacts.

Many companies are still restraint by an adherence to a 20th century mindset imbedded by the Milton Friedman paradigm of 'only shareholder returns count'. Instead, companies should be looking at business strategy through the lens of sustainable supply or resilience – a very different proposition from the Friedman philosophy. Fi Tesco suffered hugely because all their suppliers hated them, and so did everyone else. This was because they squeezed everyone and it backfired on them in the end as an ethical blowback.

But there is always pressure to deliver strong financial results as we know. So do CSR initiatives add to a stronger financial result is the question. If this is indeed true, many would question whether this financially-orientated approach is not something which should be made more clear and explicit. This depends however very much on the timescale one looks at. In three to five years, a good CSR strategy will have delivered more engaged employees, better access to talent, lower capital constraints and a better reputation. In the longer term it can deliver serious business innovation and transformation of the company culture and how the firm sees its role in the world. It is difficult to translate those results in hard dollars but you will understand the significant value of this to the future of the company and its right to exist and its ability to survive also under difficult market conditions.

Of course significant pressure to bolster financial outcomes has always existed and will continue to exist but there is no reason not to believe why CSR commitments cannot deliver strong financial results. The problem however arises when companies attempt to measure the financial results of their CSR policies independent of their other corporate activities. Rather, CSR policies need to be considered as a core and inseparable component of the overall service or product offering. So basic CSR principles and commitments should be considered non-negotiable parameters of business operations rather than being subject to specific financial performance requirements. CSR polices and principles will also improve financial attractiveness from service providers like banks and of course investors.

Thank you!