

A Conflict of Desire?

Why Enterprises Sometimes Face Difficulties with CSR

by OLIVIA HELVADJIAN



Corporate Social Responsibility (CSR) is relevant for most, if not all enterprises, but there are also sensitive areas. To behave and act as a responsible corporate citizen you must watch out for several different aspects.

Axel Kuhlmann is a Business Consultant, Systemic Management Coach and Systems Thinking Trainer. He is founding Director of akcc Ltd. in Hong Kong. Axel works and lives in Asia, Africa and Germany. He works with peoples and organizations who want to be better prepared for the future in a VUCA World. Prior to this Axel worked for the leading German Weekly Newspaper DIE ZEIT as Director Sales, Marketing and Communication. In this function he established communication platforms about Sustainability and CSR for clients. Amongst others he and his team acted as a co-creator of the ZEIT WISSEN Sustainability-Award. The German Chamber Ticker Team had the opportunity to talk with Mr. Kuhlmann about companies' communications strategies and CSR.

You have been working with various companies from different industries touching on the topic of CSR, is the concept still something new to them?

It depends; all German enterprises I work with today are quite familiar with the topic. This was different about 6 years ago in my previous job when I was working very intensively with companies in Germany. The expression "CSR" back then was still relatively new, but the concept was already an integral part of the German

society especially since SME's did a lot to support social initiatives. I think this is also where the "CSR movement" emerged. In small companies reporting lines are short and management would get immediate feedback from their staff on the initiatives they supported. And it showed that CSR related initiatives pushed the engagement and the workforce in a positive way. Still, the concept of CSR was known but it was not clear what exactly it covered. As an example, in the past, I often had discussions if (environmental) sustainability was part of CSR. I think today it is commonly understood that it of course belongs to corporate social responsibilities. Also now corporate social responsibility is typically associated with large companies.

Would you say this is a general trend?

When it comes to other countries it varies a lot. Even within Europe not all countries have yet established a relevant CSR Community. In China I sense that the topic is also rather new but has recently become more and more popular. A couple of famous Chinese companies, like Alibaba, Haier, Huawei already regularly engage in CSR activities. In 2014 the Wall Street Journal quoted China Studies that there were 530 known CSR-activities, which was already double from the number the previous year and I assume that it is much higher today.

Is CSR nowadays a defined concept or is it a subjective question on what to include under "CSR"?

There generally is still a lot of room for interpretation in the market on what Corporate Social Responsibility is. From my perspective, this is ok. As long as it encourages companies to do something good to society and the people, I don't see why we shouldn't call it CSR.

This year for the first time the German Chamber gave out the "More than a Market" Awards on 25th May. We have received about 40 applications for the four categories in which the awards were presented. We are quite happy about the number of applications. What is your opinion?

I think it is a very good; it's a new initiative and a new award. Of course the German Chamber has many members and I am sure there are still a large number of interesting projects in the field of CSR going on in the German community. Therefore I think that this

year's award gala is just a first chapter, which will encourage more and more companies to participate in the future.

Do you feel that companies are sometimes reluctant to publicly talk about their CSR activities?

I have been thinking about this question for years. When we approach companies in Germany and talk to them about their communication strategy for their CSR projects I often notice that they did not really want to push their communications. This might be for various reasons. Maybe they just have no time. Or they do not want take the time, as it is not so important to them. Or they deliberately do not want to communicate so much on the social projects they are engaged in.

To start with, I think that companies who do not engage in CSR in one way or another definitely miss a huge opportunity. Any CSR-Project can be big leverage to your employees' engagement, this is why a company's projects are also generally well communicated in-house. Many or most of the employees like to work for a company with a purpose bigger than just "doing business." If the employees can be part of something with a purpose besides generating profits, it will most likely enhance the motivation to work for this company. This is even more relevant here in China, as retention rates and employee fluctuation is a big topic. CSR can definitely make a big difference.

What about external communication?

When it comes to communication with the outer world, the question is more double-edged. Some companies might be reluctant to expose their activities and projects, especially big corporations, as they run the risk to have areas, like in one of their subsidiaries where social responsibility is not functioning so perfectly. This might come to light and make them vulnerable.

For example here in China your supplier might have subcontractors who again have other subcontractors and so on. It takes a lot to control all lines of businesses and secure that your standards are met. This goes beyond "just" CSR and touches on other topics such as compliance. Generally enterprises do monitor the activities they oversee but there is always a risk. This can keep initiatives away from the public.

How should companies handle this dilemma?

The critical point is how to communicate it right, rather than not communicating at all and to have a crisis communications plan ready on how to handle the situation if somebody actually uncovers a "weak spot" in your organization. For instance thank the person or group for pointing out the issue and invite them to work on it. That shows willingness to learn and an open mindset. CSR goes hand-in-hand with a smart brand strategy, not going down this road is missing out on huge opportunities. Marketing your CSR activities, not only internally but also to your clients and partners is becoming essential nowadays, also for companies to stay competitive. Consumers today want to know whether they can make a difference with the product they buy. Of course successfully executing CSR is not easy and mistakes can happen. Setting up an efficient monitoring system is one way to alleviate possible mishaps but also engaging in smaller projects, that can be overseen more easily but still have local impact is a way of starting slowly and letting the engagement grow.

Mr. Kuhlmann, many thanks for your time!

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