

# COMMUNIQUE

*Trends, Best Practices, and Opinions on Community Involvement*

## The CSR Report: Do You Need It?



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Considered by many to be a fundamental part of business today, corporate social responsibility (CSR)—a.k.a. corporate citizenship, sustainability, or responsible business—is driving a new era of reporting. According to some sources, there has been a 25-30% increase in the number of CSR reports published annually, and two-thirds of the Global FT 500 now issue them.

So, does your company need one? We say yes. Today's emphasis on transparency puts corporations, and corporate reporting, in the white-hot spotlight. The public, regulators, shareholders, employees, the media, and many other stakeholders are clamoring for full disclosure of corporate finances, policies, behavior, ethics, and environmental and community impact. So why not be proactive? .

Consider the business case:

- ◆ A CSR report can help create value, by differentiating a company in the marketplace, attracting and retaining talent, and maintaining relationships in the community.
- ◆ It can help build brand equity, improve trust, and enhance corporate reputation.
- ◆ A CSR report can deflect criticism and help companies maintain a license to operate with the public or specific stakeholders.
- ◆ It can attract favorable financing conditions as the financial markets demand better information about companies' economic, social, and environmental performance.
- ◆ It can reveal new opportunities—or gaps—in company performance.
- ◆ A report can encourage innovation and heighten service through a better understanding of future risks or specific stakeholder needs.

### Common Myths about CSR Reports

Is a CSR report a tough sell at your company? Here are six "myths" that some companies use as a reason for *not* publishing a CSR report:

- 1. CSR is not important to my business.** IBM's 2009 [survey](#) of 224 business leaders says otherwise: 60% of respondents said CSR increased in importance just in the past year.
- 2. No one cares if my company has a report.** Don't bet on it. Investors, for one, usually care. Studies have shown a correlation between reporting and a reduction in a firm's cost of equity capital. Consumers care, too: A new [survey](#) says 70% of consumers are willing to pay a premium for products or services from socially responsible firms.
- 3. No one reads CSR reports.** [CorporateRegister.com](#), which houses more than 25,000 CSR reports, cites an impressive number of report readers, particularly among company stakeholder groups. Moreover, today's online reports are designed for readability, allowing users to view just those sections they find relevant.
- 4. The assurance process is too complex.** While obtaining assurance/verification of your report from entities such as the [Global Reporting Initiative](#) can be daunting, there are many companies that can walk you through the process. Or you can choose to create a CSR report that is "informed by" a standard. Not as credible, perhaps, but a good start for first-time reporters.
- 5. Too much transparency can lead to criticism.** Haven't we learned anything? Hiding problems and shortcomings only makes things worse once you're found out. Openly talking about *how to resolve problems* is key today.
- 6. Only big companies produce CSR reports.** Not true. Consider award-winning small/medium-size reporters Seventh Generation, Ecologic Designs, and Green Mountain Coffee Roasters, among many others.

A CSR report offers benefits for companies of *all* sizes—and it doesn't have to be a 100-plus page tome. Some reports are only 20-30 pages. So the question really isn't, *do you need a CSR report?* It's *when are you going to do one?* (And once you make the decision, give us a call—we would be happy to assist you.) ❖

### About LBG Associates

LBG Associates is a woman-owned consulting firm focused on designing, implementing, and managing corporate citizenship and community outreach programs and initiatives. Founded in 1993 by Dr. Linda Gornitsky, LBG Associates drives social change through expert advice; implementation of strategies, programs, policies, and procedures; research on cutting-edge CSR issues and trends; and training that equips practitioners with the knowledge and skills to grow and advance in the field of corporate social responsibility and community involvement. Find more information at: [www.lbg-associates.com](http://www.lbg-associates.com).

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