Reading and language

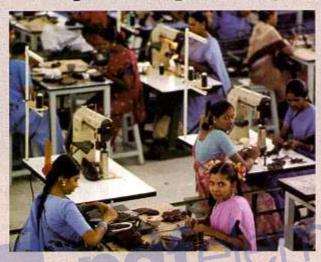
Discuss these questions.

- In contrast to Henry Ford, the economics guru Milton Friedman believes that 'the one and only social responsibility of business is to make profits.' What is your opinion?
- 2 In what ways, if any, do you think that a company is responsible to the following groups: shareholders, employees, suppliers, customers and the wider community? Can you think of any other groups?
- Read the first part of the article quickly. How would you summarise the writer's opinion? What do you think the word waffle means in the headline?

BUSINESS LIFE: Corporate responsibility without the waffle

By Alison Maitland

- 1 Passion, commitment, engagement, trust: it sounds like the start of a beautiful friendship. But when chief executives rely on these words to persuade a sceptical world of their company's responsible approach to society, they risk being a turn-off.
- 2 Almost every corporate responsibility report today kicks off with a message from the CEO or chairman. It presents an ideal opportunity to explain in concrete terms what being 'responsible' means for your business. It is a chance to show shareholders and other stakeholders that you understand the social or environmental risks facing your industry and that you are tackling them at board level.
- These are issues that big investors will want to know even more about in the coming year – how companies are handling potential threats to long-term share-



holder value, such as climate change, the explosion in obesity or human-rights lawsuits. New regulations, such as the forthcoming operating and financial review in the UK, will reinforce the 5 need for a broad approach to risk management.

Yet some chief executives' messages are curiously cut off from these developments. Indeed, it can be hard to work out precisely what risks a company faces among the warm, fuzzy generalisations that still populate the language of corporate social responsibility.

Take the following from 'A word with Franck Riboud', chairman and chief executive of Danone, best known for dairy products such as yoghurt. 'Danone Way is a response to a real need - which is to preserve and pass on a culture based on our dual commitment to business success and social progress,' he says.

- Or this from the foreword to Toshiba's latest corporate social responsibility report by Tadashi Okamura, president and CEO: 'For almost 130 years, Toshiba has been a force for social progress ... Along the way, we have earned the trust of society, and it is this trust that is our true reason for being. It is our motivation and our inspiration.'
- John Elkington, co-director of SustainAbility, an international consultancy that tracks trends in non-financial reporting, says few forewords feel as if they have been written by the CEO as opposed to the public relations department. 'You rarely get a sense from the foreword about whether the CEO or chairman has read the report, or what they have found interesting and surprising.'

Cook at the article again. Find the words and expressions which have a similar meaning to the following.

- 1 provoking a negative reaction (paragraph 1)
- 2 people or organisations directly or indirectly affected by the activities of a company (paragraph 2)
- 3 trying to deal with difficult problems (paragraph 2)
- 4 problems taken to a court, by an individual or an organisation, for a legal decision (paragraph 3)
- 5 unconnected with (paragraph 4)
- 6 understand something by thinking about it (paragraph 4)
- 7 not clear, difficult to understand (paragraph 4)
- 8 promise to do something or behave in a certain way (paragraph 5)
- 9 short introduction (to a book or report) (paragraph 6)
- 10 records or studies the development of something over time (paragraph 7)

Read the second part of the article below. Identify the four points the author believes CEOs should address and examples of good company practice.

To be effective, what should your introduction 11 cover? First, specific examples of the challenges the company faces and how you are tackling them.

Arun Sarin, chief executive of Vodafone, talks about potential abuse of human rights and labour standards in the group's vast £23bn supply chain and how it is starting to manage these risks through a code of ethical purchasing.

But his opening lines risk leaving readers disoriented. 12 'We already have a clear compass,' he states. 'One of our four values is "passion for the world around us" and one of our six strategic goals is to "be a responsible business".' He leaves us guessing what the other

values and goals are.

The second thing is evidence of transparency. Bob Eckert, chairman and CEO 13 of Mattel, refers to the global manufacturing principles that the toy manufacturer put in place in 1997. 'We've welcomed independent, third-party auditing of our adherence to these principles and we've posted the results for public viewing on our corporate website (www.mattel.com)," writes

Third, a recognition of the importance of governance. In his letter, Mr Eckert says that corporate responsibility at Mattel will 14 from now on be overseen by the board's nominations and corporate governance committee, which is renam-

ed the governance and social responsibility committee

Novo Nordisk, the Danish drugs group, links good governance directly to the way companies face up to society's changing expectations. 'It is continuous hard work,' write Lars Rebien Sorensen, president and CEO, and Mads Ovlisen, 15 chairman. Last year they strengthened their riskmanagement system, continued their work on board self-evaluation and developed a new share-based incentive programme for executives.

Fourth, credibility. In Gap's first social responsibility report this year, Paul Pressler, president and CEO, begins by telling read-

ers that, when he decided to join the company in 2002, his teenage daughter asked him: 'Doesn't Gap use sweatshops?' Much of the rest of his message is about what the company is doing to improve conditions in the garment industry and how difficult this is. It is both personal and believable.

It is high time for plain speaking across the board. The foreword to next year's corporate responsibility report will mark you out either as a leader who has contemplated the risks ahead or as a CEO who has jumped on to the handwagon without really knowing why.

FINANCIAL TIMES

Discuss the following questions.

- 1 Governments in the US and the EU are considering legislation to stop food companies advertising junk food to children. How far should the food industry be held responsible for people's health problems?
- 2 If you were the CEO of one of the companies mentioned in the article, what would you see as the risks ahead for your company, and what would be its social responsibility?
- Look at these extracts from various CSR reports. Match the correct expression (a-h) with the multiword verbs in Italics.
 - a) gradually stopped using

 - c) do the same thing
 - d) avoid doing anything about
- e) can be included in or classified as
- b) done, as expected or promised
 f) ensure we do what we've promised
 - g) formally established
 - h) explain in a clear way
- We think it is vital that we set out what we expect of our suppliers.
- 2 The company's policy is not to shy away from difficult issues.
- 3 We hope this initiative will motivate others in the industry to follow suit.
- 4 The company is taking action in this area and has already phased out a number of suspect chemicals.
- 5 This will enable our stakeholders to hold us to account.
- 6 Our strategy falls into three categories.
- 7 Their work is carried out in accordance with safety standards.
- 8 The Social Responsibility team was set up in 2003.



Grammar reference: Multiword verbs page 125