

# Corporate Responsibility in the 21<sup>st</sup> century



In economically recessive times, many companies in the Middle East may place their philanthropic and social causes onto the backburner as they try to balance their finances. This is a mistake.

The idea that companies should contribute to the social and economic environment they work in has long been in practice. These philanthropic activities were seen mostly as an organization's license to operate.

In current market difficulties, some companies may be tempted to tighten their belt as regards to social responsibility, though this may not prove to be the best option as research shows that paying close attention to corporate social responsibility may even be profitable.

#### **It Pays to be Good**

As focus shifts towards the social and environmental footprints of businesses, social purpose is playing an increasingly important role in a brand's success. Those corporations wishing to grow and succeed in the new market realities have to respond to the needs of, not only their immediate, but also the global society.

And with good reason. Results from a 2009 global study by Edelman, the international public relations firm, showed that nearly 70% of the 6,000 people interviewed globally remained loyal to brands that had a social purpose, continuing to spend on their products despite the recession.

Two-thirds of interviewees said they would switch to a brand of similar quality that supported a good cause. The same number agreed they would rather have a product that supported the livelihood of local producers than a designer brand.

Over 80% of the people interviewed will change consumer habits if it makes for a better world; most of those are looking to companies and brands that make their task of making a difference, easier to achieve.

In essence, people expect companies to support local economies and foster good causes and will give them their business if they do. In other words, it pays to be good.

Today, the issues at the forefront of every concerned global citizen are equality, accountability, the environment and education.

These issues should be at the cornerstone of every business leader's mind.

#### **Diversity**

Cultural and gender diversity are keys to success in an increasingly mobile and global economy. Understanding, embracing, and capitalizing on differences are critical to an organization's ability to hire and retain the diversity of skills and capabilities needed to effectively create teams that deliver excellence.

In the past decade, the Middle East region has experienced a 7.7 % rise in the number of women in the labor force, the highest change compared to any other region in the world. This is a step in the right direction, but it is not enough as women still only make up 33.3%



of the workforce in Arab countries, significantly less than any other region (ILO, 2008).

#### Ethics

The well-being and future prospects of an organization depend on a solid reputation for objectivity, professionalism and integrity. A vital asset of any company is its ethics, whence its people strive to do not only what is legal, but what is right. As the global market crisis touches the Middle East region and forces difficult decisions in many areas, including staff reductions, it is more critical than ever that companies do not sacrifice their values, culture or principles.

#### The planet

Climate change is one of the most pressing challenges the world faces today. It is both an environmental problem and a social one, with significant effects on the lives of billions of people. Businesses around the world are recognizing the role they can play in slowing climate change by altering their patterns of using energy and natural resources. Companies also have opportunities to shape effective public policies for curbing emissions of greenhouse gases and for stimulating the invention and commercialization of low-carbon technologies.

#### Education

Over the past decade MENA governments spent an average of 5.3 % of GDP on education – the largest share in the world – and this has significantly strengthened the supply, quality and profile of the labor force. Leading firms in the region should continue to invest in education and skills building, investments that both, protect and develop an organization's most important asset: its people. Mobilizing the intellectual capital of any organization makes the greatest social impact and advances key business goals.

To thrive as a professional and citizen in the 21st-century economy requires new skills and capabilities: namely leadership, ethics, problem solving, financial literacy, technology and global awareness, and others.

Our global, interconnected, 24x7 world places new demands on the workforce.

Ethical leaders who are both empathetic and judicious are in demand; technology is the primary enabler of interactions and productivity; workplaces and teams are cross-cultural and global; and organizations require a steady stream of creativity and innovation.

A commitment to corporate responsibility is one of the things that make an organization a leader in business around the world. Human dignity, cultural diversity, ethical behavior, the advancement of education and culture, the sustainable use of natural resources and respect for the environment are pillars that no business strategist can, nor should, ignore.

By **Deloitte Middle East Corporate Responsibility Team**