

CORPORATE RESEARCH FORUM

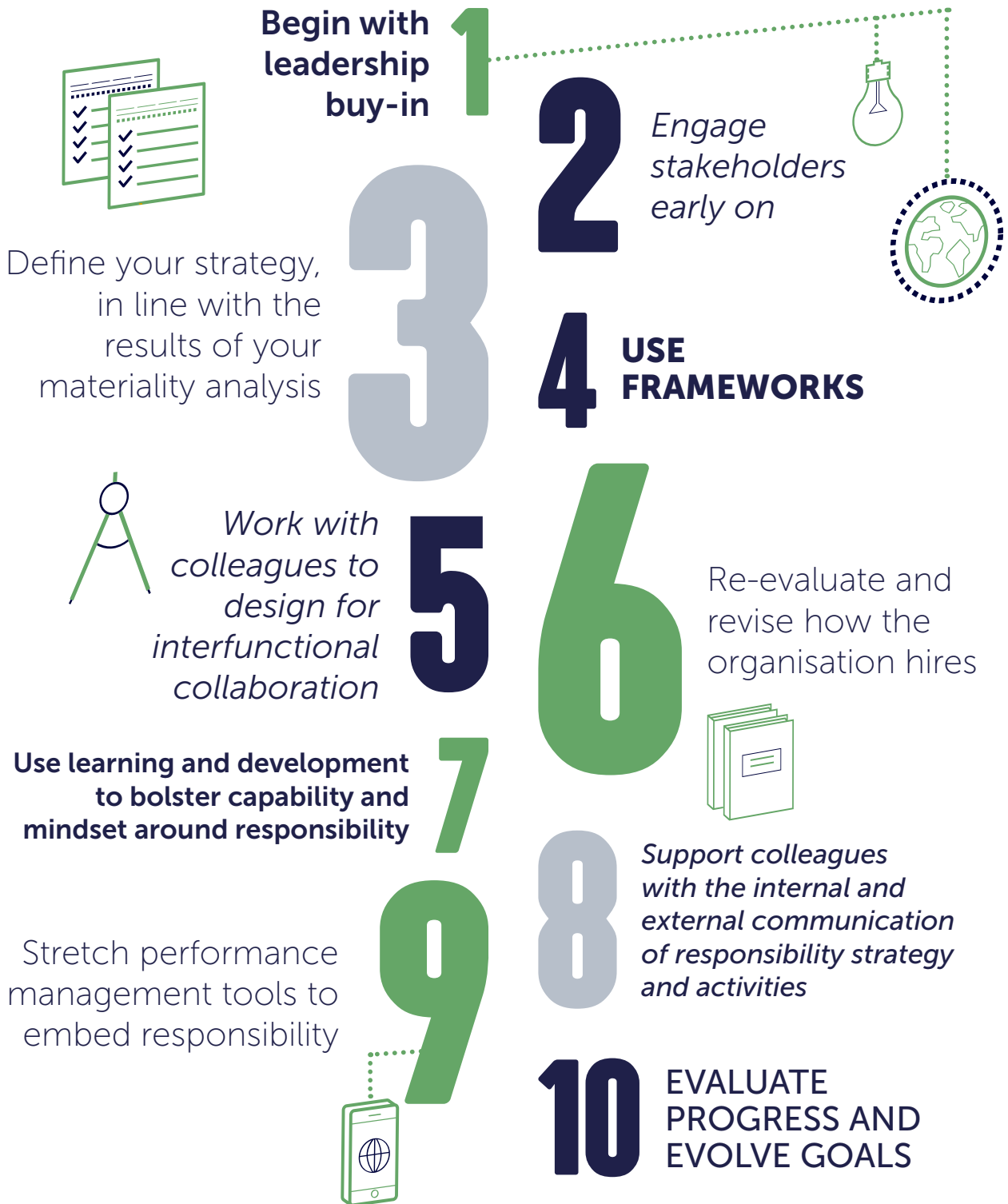
# POST MEETING NOTES

## RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

10 September 2019, London

# RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

## KEY TAKEAWAYS



# RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

CRF members gathered at Church House on 10th September 2019 to discuss renewed business interest in responsibility, and HR's role in driving the agenda forward.

## Responsible Business – What's the Issue?

In their sessions, CRF's **Carmen von Rohr** and sustainability expert **Professor David Grayson** provided an overview of responsible business.

Defined as the responsibility a business voluntarily takes for its social, economic, and environmental impacts, responsible business is increasingly attracting interest from investors, customers, and employees.

- According to a 2018 FTSE Russell survey, more than half of investors are currently evaluating or implementing ESG (that is, environmental, social, and governance) factors into their investment strategies.
- A 2017 Ipsos Mori survey of UK consumers found that 70% are more likely to purchase products or services from businesses that pay employees a fair wage; 48% prefer to use or purchase from businesses that act ethically.
- The same survey also found that 49% of respondents would not take a job with a business that they believe to behave unethically. And surveys of MBA students have consistently found that they are willing to forego a significant chunk of expected income in order to work for a company with a better reputation for ethics, responsibility, and environmental practices.

Carmen and David discussed how globalisation and economic liberalisation, technology, and climate change are driving interest in the idea of 'responsible business' as businesses re-evaluate their role in fractured, rapidly changing societies characterised by high political, social, economic, technological, and environmental uncertainty.

## AUDIENCE Q&A

**Q** There is certainly a lot of momentum and press around the issue of responsibility, but are businesses *really* taking it seriously? Or is this all just a massive, global public relations charade?

**A** *This is a great question; perhaps an uncomfortable one, but one we should all be reflecting on. FSG, a social-impact consulting firm run by Mark Kramer of Harvard Business School, recently completed a large, multi-method study that asked just this question. They looked particularly at top companies' claims to be aligning themselves to and advancing the Sustainable Development Goals, and their conclusion was that such claims were mostly empty. Most companies were taking cosmetic action; relabeling existing initiatives with the relevant goals. Very few companies were really doing anything new or different to advance the goals. That, on its face, is pretty discouraging. That said, it's certainly true that the smartest companies are serious about responsibility. They are making radical changes, and thus maximizing their chances of a profitable future. I certainly think that, in the present climate, it would be foolish and short-sighted to take a cosmetic approach to responsibility.*



**LISTEN TO PROFESSOR DAVID GRAYSON CBE**

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# RESPONSIBLE BUSINESS:

## HOW CAN HR DRIVE THE AGENDA?

### AUDIENCE Q&A

**Q** Is there a generational difference with respect to responsibility? Are Millennials more likely to care about the issues, and to make more committed decisions about where they work and how they buy?

**A** *There is certainly plenty of survey evidence that Millennials have strong good intentions about working and buying ethically, including a willingness to pay more for ethically produced products. But intentions tend to be surveyed more often than actions. What evidence there is on actions tends to show that only a small fraction of consumers are deeply and consistently committed to buying ethically. Given that we're clearly living in a time of immense change and uncertainty, we might be tempted to think that yes, there will be something fundamentally different in the behavior of new generations. But as a responsibility sceptic, political scientist David Vogel, points out, the claim that a new generation will consume differently, and lead organisations differently, is an old one. Back in the early 70s this was the prediction for Baby Boomers. And we see how that turned out. We would like to be optimistic about a fundamental change in future generations' behavior, because nothing will move the dial more quickly, but only time will tell.*

**Q** Just the other day, the Business Roundtable in the U.S. came out with a statement, signed by 181 CEOs, saying that the purpose of the corporation is not just to serve shareholders, but to create value for all stakeholders. This is a big departure from the last 20 years of thinking. But is it just empty rhetoric, and how will we know?

**A** *The statement is encouraging, but skepticism is understandable. There is a narrow window of opportunity during which businesses are going to have to take bold actions, or yes, it will be all too easy to dismiss as empty rhetoric. Some of those actions, for example, could be narrowing the gap between executive pay and average earnings – a major source of discontent among capitalism's critics; really embracing employee voice, refusing to take advantage of legal but unethical tax laws, lobbying for sustainability, and withdrawing or reengineering problematic products.*

They identified a wide range of defensive, strategic, and altruistic factors that are driving the agenda. Many organisations cite altruistic factors, such as 'it's the right thing to do', as the key drivers of responsibility in their organisation. However, in practice, for many businesses, there is likely to be a combination of drivers, with some factors carrying more weight than others for individual corporate leaders and for different parts of a business – especially those operating globally.

They discussed the broad range of issues on the responsibility agenda, including increasing environmental sustainability, building a more diverse and inclusive organisation, and creating products and services that will solve social problems, among others. They noted that many organisations are trying to do everything at once, rather than selectively focusing on a few key issues that are fully aligned to business goals.

Finally, looking at the business case for responsibility, Carmen and David noted that the case is particularly strong for those organisations that have made responsibility key to their customer attraction and retention strategy, and those highly visible global companies that have been targeted by, or fear being targeted by, activists. However, there are critiques of the evidence for responsibility, and there is still a market for the products and services of less responsible businesses.

Nevertheless, they argued that as the consequences of climate change and social inequality come to the fore, organisations will experience an inexorable push toward responsibility if they want to maintain optimal business conditions and their social license to operate.

# RESPONSIBLE BUSINESS:

## HOW CAN HR DRIVE THE AGENDA?

### What Is A Purpose-led Business?

In her session, **Dee Corrigan** of the Blueprint for Better Business explored the question 'what is a purpose-led business?'.

Dee noted that there is a disconnect between business and society, and a disconnect in the human heart, where many people feel like they are living divided lives and don't feel fulfilled by their work.

These disconnects are linked, and to resolve them we must rethink the purpose of business and ask questions about what truly motivates us.

Discussing the potential pitfalls of purpose, Dee noted that there are two key assumptions companies are not exploring deeply enough as they start on their purpose journey.

- **Assumption 1:** The role of business is to maximise shareholder returns.
- **Assumption 2:** People are rational, self-interested maximisers.

Dee led attendees through an exploration of the origins of these assumptions, their impacts on business, and how we might reframe them using Blueprint thinking.

The view at Blueprint is that:

- what is better for people
- and what's better for society
- is better for business.

But they do not believe that this is somehow a 'frictionless win/win'. Rather, reorienting a business around a purpose that benefits society will raise some pretty uncomfortable questions, for most companies, about what they will stop/start/continue doing for purpose to lead strategy.

Dee concluded by asking attendees to reflect on two questions in the days and weeks ahead:

- How do we view people in our organisation – and, if we are serious about purpose, are we ready to treat each person (including ourselves, suppliers, customers, citizens) as if we are someone, not something?
- And are we ready to make some difficult decisions about what we are going to stop, start and continue to do in order to promote the good of society and the dignity and value of people?



### INTERVIEW WITH DEE CORRIGAN



### AUDIENCE Q&A

- Q** Should CEOs be speaking out more, on issues such as climate change or inequality, for example?
- A** *Survey research shows both customers and employees would like CEOs to take such stands. But the evidence also shows that many CEOs are not comfortable with this. They may fear backlash, see it as attention-seeking, or just not see it as their place. But there are risks to inaction. Businesses – and CEOs as their leaders – should play a part in defending the value of capitalism, and credibly addressing its less desirable effects, if they want to maintain the system. They are also an important catalyst for driving the wider systemic changes we need to transition to sustainability. HR can play a role in facilitating leaders' development of the skills and confidence they need to do advocacy; HR should also be thinking about how to develop this mindset and skills for tomorrow's leaders.*

# RESPONSIBLE BUSINESS:

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### Purpose in Practice at Unilever

**Nick Dalton**, Executive Vice President, HR Business Transformation at Unilever, used the history of Unilever and the FMCG industry to describe the 'Seven Waves' of HR philosophy that have emerged since the first Industrial Revolution.

He described how during the early days of the Industrial Revolution, and famously at Unilever, the first people practices were paternalistic. Factory owners viewed their workforce as family. The next phase of HR practice moved to an emphasis on Power ('Industrial Relations') which began to emerge in the later 19<sup>th</sup> century with the growing power and role of the trade unions.

With the advent of the second world war there was a strong need to establish a new order, come together for the good of the country and put in place a new set of rules to help win the war. A further Process wave for HR (or 'personnel management' as it was then called) then emerged. There was a push for greater efficiency on top of the previous focus on productivity. That effort took decades, reaping significant benefits, but by the mid-1970s the inevitable downside of the Process wave started to emerge. Business complained about a lack of flexibility, adaptability and entrepreneurialism. Too much process and too many rules were hindering progress. Lumbering bureaucracies and excess regulation were stifling growth.

Once again that downside triggered the next evolutionary jump up for HR – the Profit wave where 'shareholder value' became king. HR as a descriptor was born! Heavily reported incidences of greed, hubris, fraud and escalating inequality are now triggering the emergence of the next HR wave, People & Purpose. Nick described in detail how Unilever is seeking to ensure it becomes a 'Purpose-led' company. With the emergence of this wave, leading-edge businesses are now seeking to pursue a wider, more purpose-driven remit rather than define their raison d'être as simply to make more money for their shareholders. HR practices – and even the name HR – are changing accordingly. ('People' Officers are now becoming very common).

### AUDIENCE Q&A

- Q** How important is buy-in from the Board, and what can HR do to help gain it?
- A** *Buy-in from the Board is critical. Research shows increasing awareness among Boards of the need to incorporate sustainability into business practice. But many Boards lack the capacity to deliver on aspirations. Members lack expertise, and often don't understand how their business policies can deliver or impede progress. There are lots of things Boards can be doing to close the gap between aspiration and action: revisit the company purpose, work together as a Board to develop a thorough understanding of the issues, evaluate the quality of the information they're receiving on the issue, audit Board members' expertise and mindset with respect to responsibility, look at how the business engages with critics, and so on. One of the key contributions HR can make is to help the Board Nominations Committee to review and update the Board Skills Matrix to recruit members with a responsibility mindset.*

### ▶ LISTEN TO PROFESSOR ROGER STEARE



Nick's presentation concluded with a 'call to arms' for all HR professionals to stop reacting and start leading. He outlined how he can see HR practitioners come to embrace further 'waves' of HR development – which he described as 'Paradox', ultimately accelerating towards a 'Planet-focused HR', where we prosper alongside other species and the planet – not at their expense.

# RESPONSIBLE BUSINESS:

## HOW CAN HR DRIVE THE AGENDA?

### HR's Role in Developing and Implementing a Responsible Business Strategy

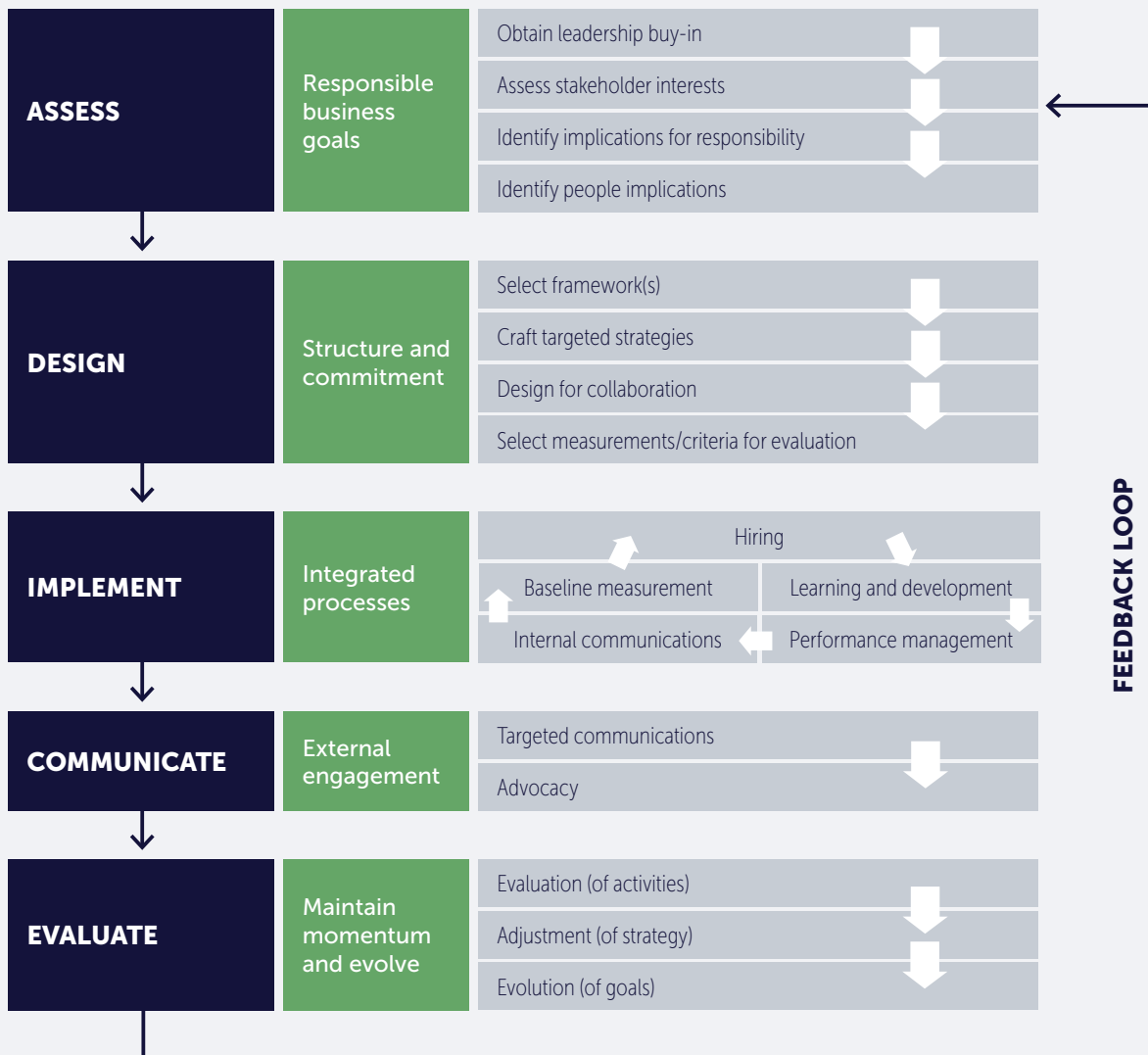
In their afternoon session, Carmen and David argued that for the ambitious HR function that wants to play an expansive role in the business, advocating for responsibility is an important opportunity. HR can be involved collaboratively and from the ground-up in responsibility's design, implementation, communication, and evaluation. Carmen and David argued that this is a forward-looking approach,

with responsibility likely only to increase in importance as businesses reassess their role in society.

They introduced the CRF Strategic Responsibility Framework, which outlines the key steps along the responsibility journey, and is a tool that HR can use to guide its action on the responsibility agenda.

For an in-depth look at each stage of the process, including actions for the organisation and actions for HR at each step, please see our full report or [Speed Read](#).

## CRF STRATEGIC RESPONSIBILITY FRAMEWORK



# SPEAKERS

## RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?



**DEE CORRIGAN**

Dee Corrigan leads corporate engagement at Blueprint for Better Business. Dee is a certified coach with 14 years working in various corporate cultures including market-leading technology and telecoms companies, IBM and Inmarsat, and a high-growth and partner-owned professional services company, Turner & Townsend. Her work focuses on engaging with corporates and their leadership team to adopt meaningful and purpose-led strategies. Her approach is to challenge leaders to think more broadly and deeply about the change they want to lead and why.



**NICK DALTON**

Over the last 30+ years, Nick Dalton has worked for Unilever in 3 different countries, covering all areas of HR ranging from introducing new HR Information systems, through to setting up new companies and troubleshooting industrial relations 'crisis' across the globe. He describes his 'purpose' as 'bringing creativity from conflict'.



**PROFESSOR DAVID GRAYSON CBE**

Professor David Grayson CBE is Emeritus Professor of Corporate Responsibility at Cranfield School of Management. From 2007-2017, David was Director of the Doughty Centre for Corporate Responsibility at Cranfield. He was Managing Director of Business in the Community, one of the first Corporate Responsibility Coalitions, and has chaired several UK Government bodies, charities and social enterprises. He currently chairs Carers UK.



**PROFESSOR ROGER STEARE**

Professor Roger Steare has helped thousands of leaders around the world to rediscover their purpose, their humanity and their integrity with significant improvement in profitability. His clients have included Barclays, BP, Citi, Clifford Chance, EY, HSBC, Nationwide, NHS Trusts, Openreach, PWC and RBS. He has also advised regulators, law enforcement and other government agencies.



**DR. CARMEN VON ROHR**

Dr. Carmen von Rohr is a sociologist with extensive research and learning design experience. She began her career as a digital learning designer in higher education at Cengage Learning before joining CRF in 2018 to contribute to research and learning content.



# FURTHER READING

## RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

### BOOKS

**Grayson, David, Coulter, Chris, and Mark Lee.** 2018. *All In: The Future of Business Leadership*. Routledge: London and New York.

**Steaere, Roger.** 2013. *Ethicability: (n) How to Decide What's Right and Find the Courage To Do It*. Roger Steaere Consulting Limited: Great Britain.

**Vogel, David.** 2005. *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*. Brookings Institution Press: Washington D.C.

**Watkins, Alan and Nick Dalton.** Forthcoming. *The HR (R)Evolution: It's Time to Change the Workplace and Change the World*. Routledge: London and New York.

### SPEAKER SLIDES

Slides for all presentations can be found here:

**Carmen von Rohr:** <https://www.crforum.co.uk/research-and-resources/responsible-business-how-can-hr-drive-the-agenda-2/>

**Dee Corrigan:** <https://www.crforum.co.uk/research-and-resources/a-blueprint-for-better-business/>

**Nick Dalton:** <https://www.crforum.co.uk/research-and-resources/responsible-business-unilever/>

### WEB

Ainsbury, Ron and David Grayson. 2014. **Business Critical: Understanding a Company's Current and Desired Stages of Corporate Maturity**. Cranfield School of Management, Cranfield University <https://www.som.cranfield.ac.uk/som/p22214/Knowledge-Interchange/Management-Themes/Corporate-Responsibility-and-Sustainability/Corporate-Responsibility-and-Sustainability-News/Stages-of-Corporate-Responsibility-Maturity-a-new-occasional-paper>

Corporate Research Forum. **Developing Commercial Acumen** (Speed Read). <https://www.crforum.co.uk/research-and-resources/speed-read-developing-commercial-acumen-for-hr-function/>

Corporate Research Forum. **Responsible Business – How Can HR Drive the Agenda?** (Full report). <https://www.crforum.co.uk/research-and-resources/responsible-business-how-can-hr-drive-the-agenda/>

Corporate Research Forum. **Responsible Business – How Can HR Drive the Agenda?** (Speed Read). <https://www.crforum.co.uk/research-and-resources/speed-read-responsible-business-how-can-hr-drive-the-agenda/>

Corporate Research Forum. **Storytelling** (Full report). <https://www.crforum.co.uk/research-and-resources/storytelling-getting-the-message-across-2/>

Ghoshal, Sumantra. 2005. **Bad Management Theories Are Destroying Good Management Practices**. Academy of Management Learning & Education. <https://pdfs.semanticscholar.org/ee47/c74f530e229c36d703980b3acedfa693b111.pdf>

Mirvis, Philip H. and Bradley Googins. 2007. **Stages of Corporate Citizenship: A Developmental Framework**. The Center for Corporate Citizenship at Boston College. [https://www.researchgate.net/publication/3228435\\_Stages\\_of\\_Corporate\\_Citizenship](https://www.researchgate.net/publication/3228435_Stages_of_Corporate_Citizenship)

### WEBINARS/PODCASTS

**Creating a Truly Inclusive Culture.** <https://crf.wavecast.io/live-webinars/creating-a-truly-inclusive-culture>

**Transforming the Learning Function.** <https://crf.wavecast.io/live-webinars/transforming-the-learning-function>

# NEXT CRF EVENTS

## RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA WEBINAR



### WEBINAR

**TUESDAY 24 SEPTEMBER**

RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

11.30 – 12.15 BST

Online

**FIND OUT MORE AND REGISTER**



### BARCELONA

**MONDAY 7 – WEDNESDAY 9  
OCTOBER**

INTERNATIONAL CONFERENCE

Sofia Hotel  
Plaça de Pius XII, 4, 08028  
Barcelona, Spain

**FIND OUT MORE AND REGISTER**



# FEEDBACK

## RESPONSIBLE BUSINESS: HOW CAN HR DRIVE THE AGENDA?

Thank you for attending CRF's event – *Responsible Business: How Can HR Drive The Agenda?* We hope that you enjoyed the event and found it to be useful.

We would sincerely appreciate any feedback you can give us regarding the organisation, running and content of the event.

This survey should take no longer than 5 minutes to complete. We really appreciate your time and will actively use your suggestions to improve future sessions.

Thank you, and we look forward to welcoming you to the next CRF event.

The Corporate Research Forum Team

1. On a scale of 1 to 10, where 1 is poor and 10 is excellent, how would you rate the following:

	1	2	3	4	5	6	7	8	9	10
Overall event										
Venue										
Pre-event communication										
Delivery of content										
Quality of content										
Relevance and quality of materials										
Opportunity for networking										
Opportunity for discussion										
Applicability to my organisation										

2. Was the content of the session helpful for you and your organisation? And what did you get out of the day?

For you:

For your organisation:

3. Please leave us any additional comments on the event in the comments box below, as well as any suggestions on how we can improve future events.

4. Can we contact you in the future or use the information provided here for marketing purposes?

Yes      No

Thank you.



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