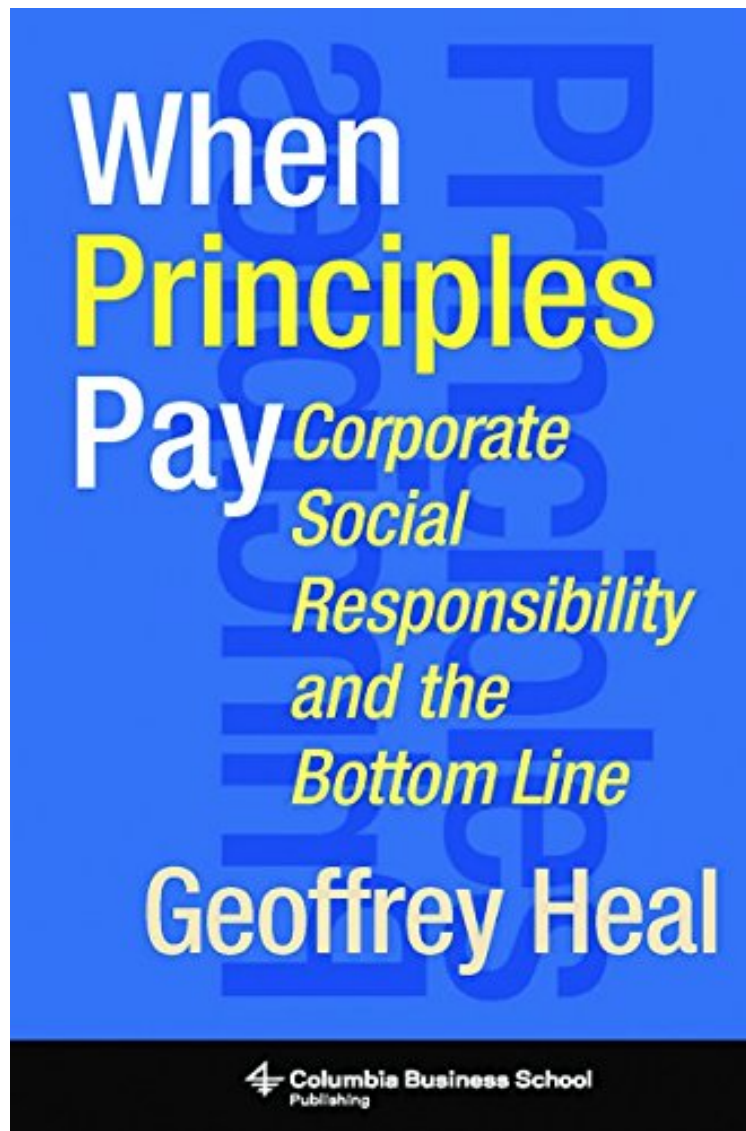


[E-BOOK] When Principles Pay: Corporate Social Responsibility and the Bottom Line (Columbia Business School Publishing)

## When Principles Pay: Corporate Social Responsibility and the Bottom Line (Columbia Business School Publishing)

*Geoffrey Heal*

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**Geoffrey Heal : When Principles Pay: Corporate Social Responsibility and the Bottom Line (Columbia Business School Publishing)** before purchasing it in order to gage whether or not it would be worth my time, and all praised When Principles Pay: Corporate Social Responsibility and the Bottom Line (Columbia Business School Publishing):

4 of 4 people found the following review helpful. Solid social and environmental policies can better align the interests

of corporations and their societies. By Faye Sinnott Excellent read. The author presents a clear-eyed, articulate and well reasoned case for companies to have solid social and environmental policies. The strategic purpose for these policies is to avoid conflicts with governments or societies by addressing external costs. This aligns the interests of the corporation and society to a greater degree. Early on, author Geoffrey Heal provides the context for Milton Friedman's oft-repeated refrain "The purposes of corporations are to make money." According to Heal, Friedman presumed an effective government that was able to determine, assign and enforce appropriate costs for externalities. The problem has long been that "externalities are not costed, equitably or universally;" and companies have not been eager to point them out, choosing instead to use the discrepancies to their advantage. Heal documents the rise of various SRI funds, the growth of various NGOs, the Equator Principles, indices and investment services (e.g. Innovest and KLD) that highlight more responsible companies, and reports on their relative success, noting that many investor groups use social responsibility as a proxy indicator for stronger, more strategic management. Well written, and replete with many examples addressing domestic and global business issues, the book is also well documented with links for more information.

Stories of predatory lending practices and the reckless destruction of the environment by greedy corporations dominate the news, suggesting that, in business, ethics and profit are incompatible pursuits. Yet some of the worst lenders are now bankrupt, and Toyota has enjoyed phenomenal success by positioning itself as the green car company par excellence. These trends suggest that antisocial corporate behavior has its costs, especially in terms of the stock market, which penalizes companies that have poor environmental track records and rewards more socially conscious brands. The political context of our economy is rapidly changing, particularly in regard to incentives that operate outside the marketplace in a strict and narrow sense and involve interactions between corporations and nongovernmental organizations (NGOs), activist groups, regulatory bodies, consumers, and civil society. These interactions can significantly color a corporation's alternatives, making socially or environmentally harmful behavior much less attractive. British Petroleum, for example, has voluntarily reduced its greenhouse gas emissions over the past ten years, Starbucks, has changed the environmental impact of its coffee production, and Nike and other footwear and textile makers now monitor the labor conditions of their subcontractors. When Principles Pay jumps headfirst into this engaging and vital issue, asking whether profit maximization and the generation of value for shareholders is compatible with policies that support social and environmental goals. Geoffrey Heal presents a comprehensive examination of how social and environmental performance affects a corporation's profitability and how the stock market reacts to a firm's social and environmental behavior. He looks at socially responsible investment (SRI), reviewing the evolution of the SRI industry and the quality of its returns. He also draws on studies conducted in a wide range of industries, from financials and pharmaceuticals to Wal-Mart and Monsanto, and focuses on the actions of corporations in poor countries. In conclusion, Heal analyzes how social and environmental performance fits into accounting and corporate strategy, presenting an executive perspective on the best way to develop and implement these aspects of a corporation's behavior.

From Publishers Weekly Although even a cursory glance at a newspaper reveals some new incident of corporate malfeasance; predatory lending, shady deals between private defense contractors and the government, industrial pollution; Columbia Business School professor Heal argues that there is a cost to anti-social corporate behavior. Heal points out that the most pernicious lenders have gone bankrupt; a defense contractor executive has been fired; and corporations can generate higher profits and more social good if they can align their interests with society. The book presents case studies of corporations doing well by doing good (Toyota, British Petroleum, Starbucks) and surprisingly diverse and effective economic incentives for business people and organizations to act responsibly. Useful sections delineate the challenges; and rewards; of ethical outsourcing and clarify the important distinctions between genuine social responsibility and the public relations techniques that masquerade as philanthropy. Readers conversant in economics will find a wealth of fascinating analysis, whether or not they agree with the author's optimistic middle ground between unfettered capitalism and intrusive regulation. (May) Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. Geoffrey Heal's scholarly work on environmental economics, the role of the state in economic life, and other contributions to economic analysis have been of great importance and wide reputation. He has now prepared a widely accessible yet careful and responsible study of the extent to which corporations can profit by adherence to socially valuable norms. The exposition makes no assumption of specialized knowledge yet fully reflects and imparts the soundest economic analysis. (Ken Arrow, Stanford University) When Principles Pay is a must read for anyone wanting to understand the corporate world's involvement in environmental and social issues. Geoffrey Heal argues convincingly that the corporation's long term self interest requires that it pay attention to the environmental and social impacts of its operation. Heal makes the argument that the involvement in the world of sustainability is no longer a question of if, but when. One will find his discussion of outsourcing enlightening. (Alan Hassenfeld, chairman of the board, Hasbro, Inc.) Among this book's strengths is its timeliness: CSR and corporate behavior are very much in the forefront of popular and policy attention.

Also, by resting the discussion on a solid economic foundation, the author helps the reader understand what CSR is and why it occurs. When *Principles Pay* is accessible and understandable to a reader even with no background in economics or finance. (Robert Repetto, Yale School of Forestry and Environmental Studies) With clarity and insight, Geoffrey Heal writes a refreshingly jargon-free treatment of CSR. I found his volume a pleasure to read, and though it will be of interest to a wide range of readers, I recommend it particularly to corporate executives and their non-executive directors, who will find it well worth their while. (Lord Ronald Oxburgh, former Chairman of The Shell Transport and Trading Company, and member of the House of Lords, UK) Readers conversant in economics will find a wealth of fascinating analysis. (Publishers Weekly) About the Author Born in Bangor, North Wales, Geoffrey Heal has lived on three continents and combines a life-long interest in nature with a fascination with the details of how societies work. He is Garrett Professor of Public Policy and Business Responsibility and professor of economics and finance of the Columbia Business School. His research and practical experiences range from technical aspects of financial markets to understanding the economic consequences of species extinction, and one of his main concerns is the effect that societies have on their natural resource bases. A past president of the Association of Environmental and Resource Economists and a director of the union of Concerned Scientists, Heal is the author of many scientific articles and books, including *Valuing the Future: Economic Theory and Sustainability* and *Nature and the Marketplace*.