

# CSR BANKING, FINANCE & INSURANCE HONOREES DISCUSS IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY IN THE INDUSTRY

BY GABRIEL ROM



Over the history of the American corporation, the public focus on corporate responsibility has gradually shifted from employees to shareholders. At City and State's June 11th Award Breakfast for Banking, Finance and Insurance, four Corporate Social Responsibility (CSR) leaders in the banking industry discussed whether the notion of corporate responsibility has changed yet again: is a new concern for social issues altering the nature of the modern corporation, or has CSR's transformative power been overemphasized?

Michael Wolff, a financial journalist with *USA Today*, led a lively panel discussion, challenging speakers to take strong positions on CSR's importance. Alfred Griffin, President of NY Green Bank, argued that active CSR programs actually alter a corporation's business philosophy. "Companies with CSR programs are generally concerned with the future, and that creates a business-culture where a long-term outlook is encouraged." CSR teams, he argued, bring a competency to a corporation that its other employees may not necessarily have. "CSR people are flexible, they have broad networks of contacts," and bring in a novel perspective to corporate decisionmaking. In a word, they breathe life into a corporation.

If indeed CSR is changing the structure and outlook of corporations, how can top management be convinced of its importance, not only as a moral issue, but also as a means towards profitability? Griffin believes the case is not difficult to make. "What I see from a transactional standpoint is that not only are there broad, strategic objectives associated with CSR, but that it's actually good for day-to-day business." Ellen Melchionni, President of the New York Insurance Association, echoed the point. "I think many top executives do see CSR's importance. It's on the agenda everywhere—especially in the insurance industry."

But consensus was not clear. Keith Mestrich, President and CEO of Amalgamated Bank, disagreed, arguing that executives will be naturally less interested in CSR. "The limited number of hours in a boardroom does not lend itself to this type of discussion," he said. Nevertheless, recognizing that "today there is real anger in this country and the public believes the system is corrupt," Mestrich believes it is smart business to be seen as an entity that gives back, "as an organization that provides something to the community rather than just keeping its riches for its shareholders."

The panelists made a strong case that CSR is healthy for the corporation. As Stephanie Thomas, Vice President of Carver Bank recognized, there is no conflict between a corporation's profit motive and its social mission. "Our social mission doesn't mean we cannot continue to be money focused. We are still a bank and above all, we need to grow and to continue to increase profitability and revenue. By growing, we can continue to have an impact on the world."

Although the panelists did not always agree on the details of CSR, the strong consensus was that CSR is a powerful trend that clearly impacts a corporation's public image, business culture and financial mission?."