

Behind the Counter

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is usually a term reserved for the big corporations, but it can be relevant for small business. Small business may also receive some benefits that the larger corporations now receive. What the basic idea in layman's terms is that a corporation when developing their business plan, plan beyond just the bottom line profit. They plan for environmental sustainability and a means of giving back to the community. The giving back to the community may come by way of grants, donations or sponsorships to causes that the corporation deems worthy or that coincide with their mission statement or corporate goals. It is thought that the local advertising and recognition received by such an act only proves to increase sales and profits to the bottom line. It is considered ethical behaviour.

Some corporations utilize specific standards as the ISO14000 for environmental management, while others imbed their environmental goals within their mission statement.

If you search any of the larger institutions such as the banks, credit unions and the larger department store chains on the internet, you will find that they all will donate or sponsor a worthy cause as part of their corporate social responsibility. Foundations have also been set up for the distribution of funds whose mission statement is basically social responsibility.

Why is this important? Well in many of the smaller centres, many of the local programs exist on corporate social responsibility alone. As you are all aware, there have been significant funding cuts for arts & culture, and in the health sector and it has been rumored that more government funding cuts may occur in the future so those organizations will need to rely more on corporate social responsibility than ever. Other areas are the homeless, drug rehabilitation programs and women's issues to name just a few. These are all very worthy causes but there is such a need that they cannot exist on government programs alone, so in steps corporate social responsibility and of course, to a lesser extent, personal donations.

What this means for small business, is that by sponsoring a cause as perhaps the Kelowna Arts & Culture Festival, you may receive some added advertising that may bring you added business and improve your bottom line. Many of the 'ideas' that are used by the larger corporations can also be downsized and used by small business. However, the increase in business may not be immediate, but if you are consistent in contributing to the same causes year after year, your business will become associated with that cause and eventually your business will be remembered.

Of course, there are also the added tax benefits. Subject to some limits and depending on the kind of income in the corporation, donations are deducted at 100% to reduce taxable corporate income. If your business is a sole proprietorship, charitable donations are taken personally by the tax payer and if they are over \$200, the taxpayer will receive a federal tax credit of 15% of the first \$200 and 29% of the balance. The provincial treatment also mimics the federal. So not only might you receive more exposure, more business and a benefit to your bottom line, you will also save taxes. Be sure that you obtain a tax deductible receipt with the organization's charitable number on it as that will be required for tax purposes.

For a more detailed technical explanation of Corporate Social Responsibility, please reference the Industry Canada website at <http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/home>

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