
 **GLOBAL:**
CORPORATE SOCIAL RESPONSIBILITY AT THE BODY SHOP

In a Nutshell

Businesses globally have come under close scrutiny for their degree of social and environmental responsibility, an examination that pushes them beyond their conventional obligations to shareholders. Not many have managed the job of returning healthy bottom lines while paying the higher costs that come with fair wages and environmentally sustainable production policies. The few that have continue to face questions about the veracity of their claims.

The Body Shop typifies such a case. Its community trade programmes support sustainable development by sourcing ingredients and accessories from disadvantaged communities around the world, while adhering to fair-trade principles like decent wages and good working conditions. The company also runs a number of community-oriented projects, from Nicaragua to Somalia. However, some critics contest the claims that it makes about its products.

The Story

Multinational corporations are among the most controversial organizations in modern times. An oft-repeated critique claims they exploit disadvantaged people and developing countries. But the Body Shop has deliberately chosen a different approach, becoming an internationally lauded proponent of the view that corporations can and should make helpful contributions to the developing world.

The Body Shop was created in 1976, when founder Anita Roddick started producing soaps and lotions using herbal ingredients. Today, a chain of 1,200 shops does business in more than 45 countries, and the company is widely known as a pioneer for its staunch commitment to social and environmental concerns. In 1994, it formalized its conviction by modifying its mission statement to “help achieve positive social and environmental change by informing, inspiring, involving and empowering employees, customers and the community”.

The Body Shop produces biodegradable products, promotes recycling and requires each of its stores to get involved in community projects. The company has recently joined forces with Greenpeace and the Intermediate Technology Development Group, for example, to lobby the government of the United Kingdom through the Choose Positive Energy campaign, which supports clean, sustainable, renewable energy. At the 2002 World Summit on Sustainable Development, campaign members presented a petition with over 1.6 million signatures, calling on governments to get serious about climate change and to set a timetable as well as targets for renewable energy use.

As part of the Body Shop's Trade Not Aid Project, a number of micro-enterprise initiatives were launched, illustrating the potential of fair trading practices. The project establishes direct trading links with producer communities in developing countries so that they can sustainably finance their own social and economic development. It also strives to protect a community's traditional way of life as well as the environment. For example, workers are given free lunch and health care along with their families at a factory producing wooden and cotton products in Tirumangalam, in southern India. Every time a product is bought from this factory, a 20 percent premium is added to the price. This extra revenue funds the local primary school, day care centre, and a clinic that offers family planning and HIV/AIDS awareness education.

The aim of another Body Shop programme – on community trade – is to support sustainable development by sourcing ingredients and accessories from disadvantaged communities around the world. One such example is henna, used in the new range of hair colour products that debuted in 2000. The henna is gathered by nomadic people in Somalia and supplied by Asli Mills, the trading arm of Candlelight for Health and Education, an NGO. Candlelight's initiative has given some 70 nomadic people an additional income as well as access to education and health programmes, from which they would not normally benefit. Henna leaves are collected from trees that grow wild in mountainous regions, and Candlelight/Asli Mills monitors the harvest to ensure that the trees and local environment are not damaged.

The Body Shop's corporate purchasing policy includes an environmental checklist that employees consult for these kinds of issues when buying new supplies. It looks at ecological life-cycle assessments that take into account the waste impacts of raw material sourcing on biodiversity, human and animal rights, and endangered species. The company has also been a lead innovator in corporate auditing, which assesses a firm's environmental and social impacts in order to improve its practices. In a survey published in December 2001 by the *Financial Times*, media and non-governmental organizations ranked the Body Shop second among the world's best companies for managing environmental resources. In 1990, Roddick's support of sustainable development was recognized with the United Nations' "Global 500" environmental award.

Despite all of these highly public activities, however, London Greenpeace has called into question a number of the Body Shop's claims, including its promise to use only natural ingredients and make products that have not been tested on animals. The group contends that many products actually contain chemical ingredients and some include ingredients that have been tested on animals by other companies. And not all the Body Shop's projects have gone according to plan. In Brazil, the firm buys Brazil nut oil for use in hair conditioners from the Kayapo Indians, an Amazon tribe. The nuts were already cultivated by the Kayapo, but at \$8 a kilo were not providing enough revenue. The company gave the Indians machines that would turn them into oil, which sells for \$38 a kilo. Yet some critics point out that only some Indians have benefited, causing strife within the community. Others have called into question the ethical issues involved in using the Indians for media campaigns without remuneration.

Genuine progress towards sustainable development requires a willingness on the part of businesses to be held accountable for economic, ecological and social performance, and to respond to the concerns of shareholders. The Body Shop's maverick approaches were not in the mainstream when it started selling environmentally friendly beauty products in 1976. Even beyond some of the criticism that has flowed in its direction, the company has done much to demonstrate how a corporation can be both responsible and profitable. Today, progressive business practices have begun to permeate day-to-day operations in many firms, and leading MBA programmes have incorporated social impact management into their curricula.

Results and Critical Factors

- In 1999, the Body Shop brand was voted the second most trusted brand in the United Kingdom by the Consumers' Association. The 1997 Interbrand survey criteria named the company the 28th top brand in the world, second in the retail sector. In a 1998 report, a survey of international chief executives in *The Financial Times* ranked The Body Shop the 27th most respected company in the world.
- The Body Shop illustrates that fair-trade practices are compatible with building a globally competitive company. The issue of fair prices and wages for grass-roots producer groups is a particularly important principle given that there is currently so much debate in the world on the pros and cons of globalization.
- Similarly, the Body Shop demonstrates that a multinational corporation need not necessarily be antagonistic to the environment or develop its products through controversial means like testing on animals.
- The controversy sometimes surrounding the Body Shop affirms that companies that claim to be practitioners of ethical business walk a very fine line in the court of public credibility. They need to make extra efforts to

ensure that the claims they make check out factually, and that they keep a close watch over the fallout and implications of their business practices for producer communities, the environment and so on.

Further information

The Body Shop Community Trade programme (www.thebodyshop.com/web/tbsgl/values_sct.jsp).

The Body Shop link with a cooperative in Nicaragua (www.ndtc.org/bmzp/proposal1.html).

Sample critique on the Body Shop (www.mcspotlight.org/beyond/companies/bs_ref.html).

The Body Shop (www.thebodyshop.com).