



## COVALENCE ANALYST PAPERS

### Covalence marketing and the different conceptions of CSR

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August 2005

The idea of corporate social responsibility is a recent trend that has been gaining momentum in the past decade, reflecting society's demands in an array of interconnected issues. Globalization is accelerating the spread of knowledge, making it more accessible, and continues to create vast networks of stakeholders; in turn producing a whole set of demands. Covalence's concept of measuring corporate social responsibility responds very well to this trend, but I don't believe it benefits all of the clients it is trying to market to. The three main clients, which are NGOs/Governments, financial institutions, and multinational corporations each are interested in completely different ways of measuring corporate ethics, therefore the standard system cannot apply to each one alike. Essentially the principle of concept versus reality is my biggest problem. For multinational corporations the ethical quotation system is ideal because in the realm of public relations, perception is all that matters. The goal of NGOs is quite opposite because their goal is to create and promote social norms, mostly by going against social perceptions. Therefore marketing Covalence to them can't be about measuring how ethical a corporation is. With financial institutions, I believe the weighting method should be applied, but perhaps even make it a flexible one like mentioned, where the weight value can be changed according to its client. This is important because it not only reflects the differences in the importance of certain criteria over others in various sectors, but also allows fluidity in changing social values. The oil and gas sector will naturally be more responsible for environmental issues as opposed to the banking sector. A negative or positive action by the company may be reported in the media and reflected in the ethical quotation system, but may not be a reflection on the health or performance of a company. Different criteria would also have different effects on the financial performance of these multinationals. Therefore, using Amlan's reputation index as an example, addressing market gaps without a weighting system might not be the most accurate method for investors. Another overall possible recommendation could be to attach a weight value system to sources or even allow clients to do so. Some view certain sources are more reliable than others and these perceptions also change over time. The problem with putting sources equal with one another is that, as an example, sometimes an academic source may be endorsed by a wider community of scholars, but may be underrepresented in the ethical quotation system and be put on a equal weight of a blog entry. Apart from the technical details, I think Covalence's concept is very interesting, relevant, and most importantly has enormous potential. Its system can (and should) adjust to various clients via technical adjustments which gives the company vast growth prospects. On top of this, this is a relatively new field which still encompasses a wide market for clients.

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