

 FEATURED INSIGHT

LOOKING BEYOND CSR: LEADERSHIP AND COLLABORATION FOR ENHANCED SOCIAL RESPONSIBILITY



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2015 and 2016 gave a strong kick-off to many organizations in terms of Corporate Social Responsibility (CSR). The Sustainable Development Goalsⁱ (SDG) were adopted by the United Nations' Member States, defining global priorities and aspirations for 2030, to accelerate the achievement of significant global social and environmental progress. Thanks to the UN Climate Change Conference in Paris, climate change was not seen anymore as a sacrifice but as an opportunity for innovation. Finally, the World Economic Forumⁱⁱ created a Business and Sustainable Development Commission "to make a powerful case for the private sector to put the Global Goals at the heart of its business – and accelerate the world's shift to sustainable growth"ⁱⁱⁱ.

A few questions arise: where do we now stand? And what are the directions for the near future? We now provide some answers.

Signification and Perimeter of CSR

Corporate Social Responsibility (CSR) has various meanings and that it is finally quite difficult to find a consensus on a unique definition^{iv}:

- *CSR is a management concept and a pragmatic integration of the three pillars of the sustainable development (economic, environment and social concerns) into the business operations and practices of companies, from the supply chain to the market side.*
- *CSR is a management strategy that leads a company or organization to make business in an ethical way, by including environmental and social concerns in all its processes and activities, in order to be sustainable and have a positive impact not only within the economy, but also on the environmental and social systems.*



- *CSR is a self committed management that recognizes, respects and responds to social and environmental needs in the process of making profits.*
- *CSR is not just about volunteering programs and donations, but a management concept that incorporates social, environmental and ethical concerns into the business strategy and operations, helping companies improve the current and future state of society and the planet.*

If we concentrate to build a shared model on CSR, we may agree that CSR includes the following aspects: collaboration, actors/stakeholders, inclusiveness, shared value, risk mitigation and governance.

Generally speaking, CSR first tends to mitigate impacts from the company on society and the environment. CSR has a goal to create social benefits. CSR is a business concept and is about the business' responsibility in society. Indeed, in CSR, the main term is « responsibility » and CSR should be in the core business. Taking into account the impact of doing business on society is an obvious expectation that is not said. In other words, there is a responsibility from the companies to take care of their employees, to respect the environment and so on. Responsibility cannot go away; it must always be there.

We can observe three levels of CSR which are: (i) Green CSR; (ii) Good CSR, e.g. a product relevant to a social action and (iii) A business model oriented to positive impacts. Most of the companies are at level (i) or (ii). However, more and more companies now lead CSR and reorient their business models into a more sustainable one. If most companies agree that CSR is today a way to mitigate risks and to have positive social and environmental impacts, CSR is more than that; it implies a real transformation of the business.

Looking Beyond CSR

What does “beyond” CSR mean? By beyond, we realize a projection. CSR must be seen as an opportunity, a new business model. Companies must be redefined. It is all about doing something to change companies' business model. Today, it is now clear that if we do not do something for the community interest, we miss the point. It is a question of redesigning the entire economy and the organization of each company. By doing so, there will be an impact on the full range of stakeholders^v which must be taken into consideration.

First, social and responsible innovation are one of the key point of « Beyond CSR », meaning value for society, and is seen as driving corporate sustainability^{vi}. As it is stated, “businesses need to be reconnected with society in order to lead social progress^{vii}”. We can consider that companies will be pro-active social actors. They will focus on value creation and on the impact business can make on society^{viii}.

Moreover, companies will learn from those already “leading the way”^{ix}. There is a need to find companies and leaders engaged in CSR and integrating the SDGs into their sustainable development strategies who can make people adopting social and responsible innovation. We can see for example the World Business Council for Sustainable Development^x website and its companies case studies^{xi} or the B Corporation (B Corp)^{xii} movement. According to Forbes, B Corp is one of the 5 key business trends to master in 2016^{xiii}. Rose Marcario, CEO of Patagonia says about the B Corp movement that “... it is one of the most important of our



lifetime, built on the simple fact that business impacts and serves more than just shareholders—it has an equal responsibility to the community and to the planet”.

The second key point of “Beyond CSR” is collaboration and partnership. Indeed, CSR will be enhanced thanks to more collaboration across companies and sectors and thanks to a close work with stakeholders^{xiv}. B Corps notably answers to this need of partnership with their strategy. As it is stated on their website: “Collectively, B Corps lead a growing global movement of people using business as a force for good. Through the power of their collective voice, one day all companies will compete to be best for the world, and society will enjoy a more shared and durable prosperity for all”^{xv}.

To conclude, we are now in a transition phase in which leading companies integrate CSR into their core business. We need to keep in mind that any type of transition may be painful because it needs time, learning and unlearning. Thanks to a large dose of leadership and collaboration, organizations and business models will grow by using social and responsible innovations.

FINANCE FOR IMPACT is a public policy and research firm on sustainable finance. The goal is to deliver services along the continuum of financial needs that help create stable financial institutions and resilient economic growth.

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ⁱ <http://www.un.org/sustainabledevelopment/> (04/07/2016).

ⁱⁱ <https://www.weforum.org> (05/07/2016).

ⁱⁱⁱ <http://businesscommission.org> (05/07/2016).

^{iv} “These definitions were discussed during a seminar held in Geneva in June 2016: “*Beyond CSR: Leadership for Social Innovation*”, Geneva School of Economics and Management, University of Geneva, Switzerland”.

^v By stakeholders, we mean key stakeholders in the value chain and we have to define them.

^{vi} OSBURG Thomas “Social Innovation to Drive Corporate Sustainability”, in *Social Innovation, Solutions for a Sustainable Future*, Thomas Osburg, René Schmidpeter editors, 2013.

^{vii} PORTER Michael E. and KRAMER Mark R. “Creating shared value”, in *Harvard Business Review*, January-February 2010, pp. 63-77.

^{viii} See the UN Global Compact-Accenture CEO Study on Sustainability 2013, 60 pages.

^{ix} See the UN Global Compact-Accenture CEO Study on Sustainability 2013, 60 pages.

^x The mission of the World Business Council for Sustainable Development (WBCSD) is to accelerate progress to a world where more sustainable companies are recognized and rewarded, and therefore are more successful. <http://www.wbcd.org/home.aspx> (05/07/2016).

^{xi} <http://wbcsdpublications.org/category/sdg-business-hub/> (09/07/2016).

^{xii} <https://www.bcorporation.net> (05/07/2016).

^{xiii} <http://fortune.com/2015/12/15/key-business-trends-2016/> (05/07/2016). “... smart leaders should turn BCorp guidelines (bcorporation.net) into a checklist to drive their business in 2016 and beyond ».

^{xiv} PORTER Michael E. and KRAMER Mark R. “Creating shared value”, in *Harvard Business Review*, January-February 2010, pp. 63-77. See also the UN Global Compact-Accenture CEO Study on Sustainability 2013, 60 pages.

^{xv} <https://www.bcorporation.net> (05/07/2016).

