Monday, 9 July 2012

Longer, Wider, and Deeper Than You Realize: A Commentary by William C. Frederick

Reposted

A Commentary on The Age of Responsibility by William C. Frederick

Dear Wayne,

I’m writing to tell you that, regrettably, I shall not be reviewing your new book. It pains me to bring you this news, particularly because as you must know from my previous reviews of your earlier books, I have the highest regard for you and your admirable understanding of what we once called “Corporate Social Responsibility” or “Corporate Social Performance” and you now call “Corporate Sustainability and Responsibility.”

Having twice read your book carefully and with growing admiration, damned if I could find anything to say about it that others haven’t already said. After all, nearly two dozen of the world’s leading lights in the CSR field—activists, university professors, film makers, sustainability pioneers, corporate consultants, NGO/CSO affiliates—endorsed your views even before the book was published. One of them even called it “an instant classic.” Wow!

Oh, I suppose I could summarize your main theme—you know, the various stages of CSR, the new principles of your CSR 2.0, plus the chances of getting everyone (especially big corporations) to go along. But that would only give some potential readers—students and their profs?—an excuse not to read the book itself, or possibly they would just convert the whole thing into a set of bullet points. So they would then miss out on the richness of your textual analysis.

I will, as a side note, say that I do indeed admire you for taking your “CSR world quest” trip around the world to talk face-to-face with all the CSR (or CR) experts. No one else has done that. And for describing the almost countless numbers of localized CR initiatives that seem to be bubbling up from inside the world’s diverse ecosystems—spreading their messages and programs to reduce global poverty, lighten carbon footprints, roll back corruption, and temper the constant quest to acquire more and more “stuff.” It’s the kind of global trip that all of us should take some day, if not in person then by reading about your travels among this fertile undergrowth of local CR initiatives. You make it abundantly clear that this is the wellspring of CR’s future—an upwelling of hope from below rather than a top-down push.

While I’m at it, I’ll take another minute or two of your time to express my gratitude to
you for revealing to readers much of your own personal life and dedication to CR causes—not always an easy thing for authors to do. From the opening pages to the very end, you tell about the forces that shaped and drove you onward to find the sources of CR, and to foretell its possible future. It is indeed an inspiring story for all of us.

So, why not just do a review? Because I’d rather reinforce and strengthen your ideas about CSR 1.0’s “ages and stages” and then encourage you to expand your “principles” of CSR 2.0. Your basic point about CSR 1.0 is that neither greed, philanthropy, marketing, management, nor responsibility itself made a sufficient impact on the way corporations do business. That’s probably true today but you might want to see what the CSR pioneers who started it all had in mind and how they did it—from the mid-1950s to the mid-1970s. Here is a brief thumbnail sketch of the main characters and supporting infrastructure of CSR 1.0.

Conceptual Foundations of CSR 1.0:
Adolf A. Berle & Gardiner C. Means (1932); Howard Bowen (1953); Clarence Walton & Richard Eells (1961); Joseph McGuire (1963); Keith Davis & Robert Blomstrom (1966)

Faculty Pioneers (mid-1950s to mid-1970s):
George Albert Smith (Harvard Business School); George Cabot Lodge (Harvard Business School); Raymond Bauer (Harvard Business School); Robert Ackerman (Harvard Business School); Clarence Walton (Columbia University); Richard Eells (Columbia University); Neil Chamberlain (Columbia University); Joseph McGuire (University of Washington-Seattle); Sumner Marcus (University of Washington-Seattle); Earl Cheit (University of California-Berkeley); Dow Votaw (University of California-Berkeley); Edwin Epstein (University of California-Berkeley); Prakash Sethi (University of California-Berkeley); George Steiner (University of California-Los Angeles); Neil Jacoby (University of California-Los Angeles); William C. Frederick (University of Pittsburgh); Gerald Cavanagh (University of Detroit-Mercy); Lee Preston (University of Buffalo; University of Maryland); Archie B. Carroll (University of Georgia); Harold Johnson (University of Georgia)

Institutional Support:
The business schools listed above; Committee for Economic Development’s 1971 policy statement Social Responsibilities of Business Corporations favoring social contracts, stakeholder advocacy, and government-business partnerships; General Electric Corporation’s sponsorship of CSR conferences; U. S. Department of Commerce Secretary Juanita Kreps’ advocacy of social audits; National Affiliation of Concerned Business Students, initiated by Kirk Hanson; Harvard Business Review; California Management Review.

Public Policy Advocacy:
Black (African American) Movement; Consumer Movement/Nader’s Raiders; Pollution/Ecology/Earth Day; Women’s Movement; Workplace Safety & Health

Goals:
Analyze intersection of business firms and societal institutions/attitudes. Increase business’s social awareness. Propose voluntary corporate initiatives. Shape public policy.

Methods:
Analytic, skeptical, critical, ideologically neutral (neither anti- nor pro-business).

You may already know that a much bigger picture of CSR 1.0’s beginnings and accomplishments is on the way, organized by Kenneth Goodpaster, Corporate Responsibility: The American Experience (Cambridge University Press, 2012). Running parallel to this CSR 1.0 development was an emerging Business Ethics field that applied philosophic principles of ethics to business activities.

My sketch above shows pretty clearly that the CSR 1.0 movement was clustered in a handful of business schools, with limited support from the business community.
and rather grudging interest shown by the public sector. The pre-NGO activists—blacks, women, ecologists, consumers, workers—were scattered and unequally effective in their efforts to reform corporate practices. Advocacy, not research, was the main method of CSR 1.0: generally conservative, largely academic, occasional mass demonstrations, not revolutionary. CSR 1.0’s goals were to enhance business awareness, propose voluntary corporate initiatives, and shape public policy. The “social” part of CSR went far beyond corporate philanthropy. Did CSR 1.0 achieve those goals? It did indeed succeed by calling attention to social issues and needs not being addressed by either business or government. Did it go far enough? No, of course not – at least, not by today’s standards.

Does that mean CSR 1.0 failed? Well . . . in your book you say “CSR is failing to turn around our most serious global problems . . . and may be distracting us from the real issue, which is business’s causal role in the social and environmental crises we face.” So, that leads me to your idea of CSR 2.0, what you call “the new DNA of business.” But Wayne, I’m not sure there could even be a new CSR 2.0 if those CSR 1.0 pioneers hadn’t laid down the conceptual foundations on which today’s corporate stakeholders make their claims, corporate codes of conduct are proposed, social contracts and social compliance programs are formulated, human rights are defended, and market justice is pursued. For all those reasons, I suspect the CSR 1.0 pioneers would be cheering your pursuit of CSR 2.0.

CSR 2.0 builds so well on what has gone before plus offering much that is new and worth pondering. You put sustainability and DNA—Nature itself—at CSR 2.0’s very center. The five principles of CSR 2.0—creativity, scalability, responsiveness, glocality, and circularity—may indeed be indicators of DNA’s presence in the business world. But while you are speaking of DNA only metaphorically, how about taking a closer look at real DNA—the actual genes present in all Earthly organisms—and the influence those genes exert on organic behavior, including the actions and decisions of corporate managers? More and more researchers are doing just that—evolutionary psychologists, bioevolutionists, neuroscientists, ecosystem experts, organization theorists, behavioral economists, biomimicry specialists. And you know what they are discovering? Amazing research that points in one direction: an understanding of human (and business) behavior that is greatly expanded in scale, depth, and global range.

So, for your next project, why not explore the real DNA influence on corporate creativity, scalability, responsiveness, glocality, and circularity? It’s there to be discovered, with leads provided earlier by such pioneers as Paul Hawken and Amory & L. Hunter Lovins in particular, whom you cite. Along the way, you’ll discover that the DNA is in the people who inhabit the corporation, not the corporate shell itself, but those human genes in employees and managers exert a powerful influence on all the corporation’s activities and decisions. To get a handle on the fearsome sustainability challenges we face in today’s warming planet which you have identified so eloquently, take a stroll down Organic Lane—I guess it could be called CSR 3.0. I’ve just produced a guidebook of sorts to guide your way: Natural Corporate Management: An Evolutionary Interpretation (Greenleaf Publishing, forthcoming 2012). It will be great to meet up with you somewhere on the Evolutionary Cascade as we explore our shared CSR pathways, CSR 2.0 and CSR 3.0.

With much respect and admiration for your creative work, my best wishes,

Bill

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**To Scare or Inspire? Bringing Admission, Ambition & Pragmatic to CSR**
What is the most effective CSR/sustainability strategy – to scare or to inspire? How do you get the balance between sharing the bad news (i.e. the state of the world) and the good news (i.e. the innovative solutions)?

Betty Sue Flowers, co-author of Presence, told me that ‘if you attempt to scare people with the enormity of the problems, the tendency is simply to give up. And so when you dispirit people, when you remove the spirit, you also remove the capacity to change.’ This is a common refrain – and indeed a dilemma. We can’t deny the severity of the crises that we face, and yet we can’t paralyse people with fear.

Jonathon Porritt, author of Capitalism as if the World Matters, told me, ‘I’m impaled on this every day of my life at the moment. What do you do? I think we still owe it to reality and to integrity in any communications process to share the empirical reality. But how you come out of that without leaving people spread eagled with despair and just utterly disempowered?’

Porritt elaborates, saying, ‘We’re trying to create these upbeat, opportunity driven wish lists about what would happen if businesses seized hold of this set of opportunities here, and started to do things completely differently over there, and if politicians started to construct societal and economic responses based on a world not on growth hormones. But then you look at the scale of their responses and you set it against the scale of the analysis, and of course it looks frail. It looks insubstantial in terms of where we need to be. So I think the mechanisms we’re using are the only ones available to us, but we haven’t got it right yet. Whether we can get there building, building, building gradually over a period of time or whether we need some shocks in the system to accelerate the emergence of that positive energy, that for me is still a hard one to call.’

Jorgen Randers, co-author of the original 1972 Limits to Growth report and author the recently released book 2052: A Global Forecast for the Next Forty Years, is equally ambivalent. Speaking to me, he reflected, ‘Are scare tactics better than carrots? There are groups pursuing both avenues. I think I’ve moved to thinking that having a positive view has a stronger motivational force than scare tactics. But then you can ask the question, is it possible to come up with sufficient carrots to make society act? And it looks as if some support from some scare tactics or some of the disasters would help.’

The 21st Century Living project, undertaken by Acona in conjunction with Homebase and The Eden Project, may provide some answers. Based on an 18 month study of 100 households in the UK, the findings showed that most people will act, given the right tools and information specifically for their needs. ‘The data say clearly that environmental values are not a good predictor of action. The message we got back was clear: we can get on with cutting our environmental footprint without having to win the battle for the long-term soul of the nation. Don’t browbeat people, don’t frighten them – just show them where they are wasting money and resources and they will change themselves. Frame the topic like this and everyone is interested – young and old, wealthy and poor, green or not.’

Like all of us in the CSR/sustainability field, I have also been grappling with the issue of whether it is best to scare or inspire. In my case, however, this was also critical in a post-apartheid South Africa that was in the grip of pessimism after the euphoria of its political miracle had evaporated and the massive challenges of social upliftment became clear. This was the subject of my book, South Africa: Reasons to Believe, in which my co-author and I concluded that there are two basic ingredients to being positive. The first is to recognise that our pessimistic views are skewed by unbalanced media reporting. We have to remember that our mental state is determined by what we focus on. It’s not that the media is lying; it’s just that they are painting a picture of the world that is highly selective. They are like manic-depressive artists patching together a collage, using bits and pieces of real events, most of which happen to be dark or disturbing. So, we need to start
exposing ourselves to more of the positive news stories, in order to get a more balanced perspective of what is going on around us.

The second ingredient to being positive is to recognise that our attitude influences the world around us, for better or worse. The neutral scientist in the white coat is a myth – he/she does not exist. The observer and the observed are not separate; they are always inextricably linked. Everything we think, or believe, or value, changes the world around us. It even affects our physical health. Attitudes are like lenses that colour what we see. But they are also like yeast in bread – they have a very real, visible effect on the outcome of whatever we are trying to make work, whether it is a family, a business, a nation, or even a whole planet. This is not just a philosophical point. Optimism comes from actively engaging with life’s challenges.

Relating this back to the theme of this blog series, namely CSR 2.0 and the Age of Responsibility, I always suggest that companies use a simple dual test. The difference between a CSR 1.0 and a CSR 2.0 company is the depth of their admission and the scale of their ambition. Interface founder, Ray Anderson, concedes in his book Confessions of a Radical Industrialist not only that today’s economic system is broken, but that he and his company are part of the problem. He is able to see himself as a ‘plunderer’ (his word) – not through malicious intent, or even greed, but by failing to question the true impacts of business on society and the environment.

As Alcoholics Anonymous will tell you, admission is the first step to recovery. Unfortunately, most companies stuck in the Ages of Greed, Philanthropy, Marketing and Management are all still in denial, thinking that either there is no problem, or it’s not their problem, or that it’s a problem to benefit from, or that it’s only a minor problem.

The Age of Responsibility is not just about admission though; it’s also about ambition. As far as I can tell, Interface was the first major company to set the BHAG (big hairy audacious goal) of zero negative impact, as well as going beyond ‘no harm’ to also become a restorative business – to genuinely make things better and leave this world with a net-positive balance. Today, there are others like Walmart (zero waste, 100% renewable energy) and Unilever (double the business, halve the environmental footprint). I believe it is only such audacious goals that can lift the triple curses of incremental, peripheral and uneconomic CSR.

As Robert Francis Kennedy reminds us: ‘There are those who look at things the way they are, and ask why. I dream of things that never were, and ask why not?’ We need more pragmatic dreamers, business leaders who practice what brain-mind researcher and author Marilyn Ferguson calls ‘pragmagic’. Will you be one of the pragmagicians of CSR and sustainability? For all our sakes, I really hope so! Help us break the spell of irresponsible business and unsustainable capitalism.

Senge concludes that a good guy/bad guy mentality can be a barrier to such collaboration. ‘You’ve got to wake up and say “We’re all part of the system”. You know who is causing the destruction of species? You and me. You know who’s causing the huge waste problems around the world? You and me.’ Once you become more open-minded to this possibility, then you can look for collaborative solutions. ‘Look for small steps of things you can do together with people with whom you traditionally would never have cooperated — and do something useful, no matter how small.’

Article reference


Source

Will Anyone Join Your Revolution?

By Wayne Visser

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Part 12 of 13 in Wayne Visser’s Age of Responsibility Blog Series for 3BL Media.

Margaret Mead once said, ‘The only person who likes change is a wet baby’, to which Hunter Lovins added ‘and the baby squalls all the way through the process.’ So change is never easy, especially on the big issues of sustainability. In thinking about this, I have found Richard Beckhard and David Gleicher’s Formula for Change rather useful: D x V x F > R. This means that three factors must be present for meaningful organisational change to take place. These factors are:

D = Dissatisfaction with how things are now;
V = Vision of what is possible; and
F = First, concrete steps that can be taken towards the vision.

If the product of these three factors is greater than R (Resistance), then change is possible. I have seen sustainability change efforts fail for all four reasons. Deep-seated resistance often exists because the benefits of the status quo to those in power are considerable. Sustainability initiatives, especially if they are integrated into the core business, are often seen as extra burden. For instance, an operations manager of a plant really doesn’t want the extra hassle of collecting emissions data for a sustainability report, or subjecting his staff and facilities to an audit.

Most often, I think, the dissatisfaction that we may feel with the state of the world or the company’s actions really isn’t widely shared enough. Jonathon Porritt, author of Capitalism as if the World Matters, after many years in the sustainability game (he started the UK’s Green Party and chaired the government’s Sustainable Development Commission among other things), told me: ‘Looking at people all over the world today, rich and poor world, they are not remotely close to a state of mind that would call for anything revolutionary. There’s no vast upheaval of people across the world saying, “This system is completely and utterly flawed and must be overturned and we must move towards a different system.” There isn’t even that, let alone an identification of what the other system would look like.’

Likewise, on creating a compelling vision, Porritt concludes that ‘we have not collectively articulated what this better world looks like – the areas in which it would offer such fantastic improvements in terms of people’s quality of life, the opportunities they would have, a chance to live in totally different ways to the way we live now. We haven’t done that. Collectively we’ve not made the alternative to this paradigm, this paradigm in progress, work emotionally and physically, in terms of economic excitement. We’ve just not done it.’ Taking first steps is something companies are generally much better at, especially picking the so-called ‘low hanging fruit’. But the reason these steps so often don’t get beyond the pilot or peripheral stage is because the other two factors – dissatisfaction and vision – are not strong enough.

Another way to think of change in a structured way is Peter Senge’s concept of the learning organisation, popularised in his book, The Fifth Discipline. He described the five interrelated disciplines as follows: ‘Systems thinking [the fifth discipline] needs the disciplines of building shared vision, mental models, and personal mastery to realise its potential. Building shared vision fosters a commitment to the long term. Mental models focus on the openness needed to unearth shortcomings in our present ways of seeing the world. Team learning develops the skills of groups of people to look for the larger picture that lies beyond individual
perspectives. And personal mastery fosters the personal motivation to continually learn how our actions affect our world.'

In a follow-up book, Learning for Sustainability, Senge, together with co-authors from the Society for Organisational Learning, apply the fifth discipline model to sustainability. In particular, they emphasise connecting the inner and outer work that needs to be done: 'Connecting the inner changes in how we manage and lead with the outer effects our organisations have on larger systems; connecting the inner changes in mental models and personal visions with the outer changes in management culture; and connecting the inner changes in who we are as human beings with how we act and interact.'

In seeking to create change for sustainability, Senge and his colleagues once again emphasise the interconnected nature of all change processes, and the critical role of business: 'There has never before been a time when the social, ecological and economic conditions that challenge political leaders in any one part of the world have been so interwoven with what is occurring in so many other places. This phenomenon has arisen through the ever-growing web of interconnectedness spun by institutions, especially multinational corporations. Collectively, these organisations determine what technologies are created and how they are applied around the world: which markets develop and which are largely ignored. These institutions determine who benefits from the world economy and who does not.'

Given the interconnectedness, the key to change, believes Senge, is collaboration. To illustrate his point at an MIT Sustainability Summit 2010, Senge asked the question: What would it take to get rid of disposable cups? Who would have to work together to eliminate disposable cups? The answers suggested include everyone from Starbucks and its competitors to paper manufacturers, food service providers, recyclers and municipal governments. To make real headway on really tough sustainability issues is a ‘massive undertaking in collaboration’. What's more, the parties that need to collaborate often aren't naturally inclined to.

Senge concludes that a good guy/bad guy mentality can be a barrier to such collaboration. ‘You’ve got to wake up and say “We’re all part of the system”. You know who is causing the destruction of species? You and me. You know who’s causing the huge waste problems around the world? You and me.’ Once you become more open-minded to this possibility, then you can look for collaborative solutions. ‘Look for small steps of things you can do together with people with whom you traditionally would never have cooperated — and do something useful, no matter how small.’

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Part of the WAYNE VISSER BLOG BRIEFING Series
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About 2.4 billion people live in water-stressed countries, according to a report by the Pacific Institute. Water demand in the next two decades will double in India to 1.5 trillion cubic meters and rise 32% in China to 818 billion cubic meters, according to the 2030 Water Resources Group. China is home to roughly 20% of the world’s population, but has only about 7% of the world’s water. That means there are around 300 million people living in water-scarce areas. According to a World Bank report, water scarcity and pollution reduce China’s gross domestic product by about 2.3%.

When I interviewed Fred Pearce about his book, When the River Runs Dry, he told me that, for the average Westerner to get through the day, it takes about a hundred times their own weight in water – that’s every day; not every year, every day. The water used is mainly to grow the things that we eat. Pearce gave me some of the facts and figures: To grow a kilogram of wheat takes about a ton of water, a kilogram of rice takes more. Once you start feeding grains to livestock to produce meat and dairy products, the numbers are even higher. To produce enough meat for one hamburger takes about 10,000 litres of water, which is about 10 tons. If you are a vegetarian you are not doing too much better because it typically takes 4,000 litres of water to produce one litre of milk.

That’s for food. What about drinks? Coca-Cola sells 1.5 billion beverages a day in over 200 countries and uses about 2.5 litres of water to produce one litre of its products. The company received its water wake up call in 2002, when residents of Plachimada, a village in India’s southern state of Kerala, accused the company’s bottling plant there of depleting and polluting groundwater. Two years later, the local government forced Coke to shut down the plant. In 2006, their situation got worse when a New Delhi research group found high levels of pesticides in Coca-Cola and PepsiCo’s locally produced soft drinks, resulting in several Indian states banning their products. Coke denied any wrongdoing, claiming that bore-hole water fed farming was mainly responsible for lowering the water table and that the pollution claims were unsubstantiated. However, the public perceptions battle had already been lost.

Speaking to Time magazine in 2008, Jeff Seabright, the company’s vice president of environment and water resources, admitted that Coke had mishandled the controversy. ‘If people are perceiving that we’re using water at their expense, that’s not a sustainable operation,’ he said. This realisation resulted in a serious shift in Coke’s strategic positioning of its CSR towards tackling water as priority number one. ‘It’s great that companies used to hand out checks for scholarships or to clean up litter,’ said Seabright, ‘but increasingly the real relevance is using the company’s core competence to address issues that are of societal concern.’ And for Coke and the communities in which it operates, the concern is water.

Coke realised that it needs to be seen as part of the solution, not part of the problem. As a result, it has put resources into water at an unprecedented scale. In 2007, the company announced it would spend $20 million over five years to help the WWF preserve seven of the world’s major rivers. It also set up the $10 million Coca-Cola India Foundation, which began installing over 4,000 rainwater harvesting programmes and providing clean drinking water to 1,000 schools across the country. More significantly, in June of the same year, CEO Neville Isdell flew to Beijing and pledged that his company would become ‘water neutral’, saying, ‘Water is the main ingredient in nearly every beverage that we make. Without access to safe water supply, our business simply cannot exist.’

Coke uses the term ‘water neutral’ to describe the ratio of ground water usage by any user as against the quantity put back into nature. It is a contentious topic and not everyone believes it is possible. But the scale of Coke’s ambition – and indeed the progress it is making towards its targets – is going a long way to advancing the CSR 2.0 circularity agenda. Speaking in 2009, Coca Cola India’s Director of Quality and Environment, Navneet Mehta, said: ‘Our target is to neutralise all ground water usage by the company in India by the end of the current calendar year and become
water neutral for all products and processes by 2012." Mehta reported that the company had already achieved a replenishment level of 82% on its annual ground water usage in India and that their ground water usage ratio had improved over 42% between 1998 and 2008.

The second largest beer manufacturer in the world, SABMiller, has also been working hard on understanding their water footprint, and launched a joint-report with WWF-UK in 2009 called ‘Water Footprinting: Identifying & Addressing Water Risks in the Value Chain’. The report reveals that in South Africa, the total water footprint is equivalent to 155 litres of water for every 1 litre of beer, while in SABMiller’s Czech operation the overall water footprint is significantly smaller at 45 litres of water to every 1 litre of beer. In both cases, the vast majority of this (over 90%) comes from the cultivation of crops, both local and imported.

Efforts like these of Coca-Cola SABMiller are being supported by the Water Footprint Network, which launched its Water Footprint Manual in 2010, covering a comprehensive set of methods for water footprint accounting. It shows how water footprints can be calculated for individual processes and products, as well as for consumers, nations and businesses, and includes methods for water footprint sustainability assessment and a library of water footprint response options. It’s time for us all to make less of a splash – either we ‘drop down’ our water consumption, or we ‘dry up’ our very source of life.

**Article reference**


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**What Drives the Business Case for CSR?**

*By Wayne Visser*

Part 10 of 13 in Wayne Visser's Age of Responsibility Blog Series for 3BL Media.

One of the ways the business case is determined is that each region, country or community has a different combination of CSR drivers. I will start with the five typical CSR drivers that are local (or internal) drivers, namely pressures from within the country or community.

1. Cultural tradition

In many countries and regions, CSR draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics and community embeddedness. For example, in a survey of over 1,300 small and medium-sized enterprises in Latin America, Antonio Vives found that the region’s religious beliefs are one of the major motivations for CSR. In Asia, a study by scholars Wendy Chapple and Jeremy Moon reached a similar conclusion, namely that ‘CSR does vary considerably
among Asian countries but that this variation is not explained by [levels of] development but by factors in the respective national business systems’. And in Africa, I have found that the values-based traditional philosophy of African humanism (ubuntu) is what underpins much of the modern, inclusive approaches to CSR on the continent.

2. Political reform

CSR cannot be divorced from socio-political reform processes, which often drive business behaviour towards integrating social and ethical issues. For example, the political and associated social and economic changes in Latin America since the 1980s, including democratization, liberalization, and privatization, have shifted the role of business towards taking greater responsibility for social and environmental issues. Likewise, more recently, the goal of accession to EU membership has acted as an incentive for many Central and Eastern European countries to focus on CSR, since the latter is acknowledged to represent good practice in the EU.

3. Socio-economic priorities

CSR is typically shaped by local socio-economic priorities. For instance, while poverty alleviation, health-care provision, infrastructure development and education may be high on many developing country agendas, this stands in stark contrast to many Western CSR priorities such as consumer protection, fair trade, green marketing, climate change concerns, or socially responsible investments. Stephen Schmidheiny questions the appropriateness of imported CSR approaches, citing examples from Latin America where pressing issues like poverty and tax avoidance are central to CSR, but often remain left off of international CSR agendas.

4. Governance gaps

CSR is frequently seen as a way to plug the ‘governance gaps’ left by weak, corrupt, or under-resourced governments that fail to adequately provide various social services (housing, roads, electricity, health care, education, etc.). Academics Dirk Matten and Jeremy Moon see this as part of a wider trend in developing countries with weak institutions and poor governance, in which responsibility is often delegated to private actors, be they family, tribe, religion, or increasingly, business. A survey by WBCSD illustrates this: when asked how CSR should be defined, Ghanaians stressed ‘building local capacity’ and ‘filling in when government falls short’.

5. Crisis response

Crisis often have the effect of catalyzing CSR responses, albeit mostly of the philanthropic kind. For example, the economic crisis in Argentina in 2001 marked a significant turning point in CSR, prompting debates about the role of business in poverty alleviation. Similarly, Hurricane Katrina in the USA and HIV/AIDS in South Africa had the effect of galvanizing CSR. The examples are endless, be they the industrial accidents of the 1970s and 1980s (Seveso, Bhopal, Exxon Valdez), the environmental and human rights fiascos of the 1990s (Shell, Nike, McDonald’s) or the corporate governance and natural disasters of the 2000s (Enron, Katrina, Sichuan).

The rest of the CSR drivers are more global (or external) and tend to have an international origin.

6. Market Access

The flipside of the socio-economic priorities driver is to see these unfulfilled human needs as an untapped market. This notion underlies the now burgeoning field of ‘bottom of the pyramid’ (BOP) strategies already discussed. CSR may also be seen as an enabler for companies in developing countries trying to access markets in the developed world. For example, a survey of CSR reporting among the top 250 companies in Latin America found that businesses with an international sales orientation were almost five times more likely to report than companies that sold
7. International Standardisation

Codes are frequently a CSR response, especially in sectors where social and environmental issues are deemed critical, such as textiles, agriculture or mining. Often, CSR is driven by standardisation imposed by multinationals striving to achieve global consistency among its subsidiaries and operations in developing countries. For example, a study by Wendy Chapple and Jeremy Moon in Asia found that ‘multinational companies are more likely to adopt CSR than those operating solely in their home country, but that the profile of their CSR tends to reflect the profile of the country of operation rather than the country of origin’.

8. Investment Incentives

The belief that multinational investment is inextricably linked with the social welfare of developing countries is not a new phenomenon. However, increasingly these investments are being screened for CSR performance. Hence, socially responsible investment (SRI) is becoming another driver for CSR in many countries. Often, this is as a result of global SRI funds and indexes, like the Dow Jones Sustainability Index and FTSE4Good, but the influence of regional and national SRI instruments is also on the rise, with Brazil and South Africa among the first to go glocal in this respect. In addition, there are sector-based indexes emerging, like the ICT Sustainability Index launched in 2008.

9. Stakeholder activism

In the absence of strong governmental controls over the social, ethical and environmental performance of companies in some countries, activism by stakeholder groups has become another critical driver for CSR. In developing countries, four stakeholder groups emerge as the most powerful activists for CSR, namely development agencies, trade unions, international NGOs and business associations. These four groups provide a platform of support for local NGOs, which are not always well developed or adequately resourced to provide strong advocacy for CSR. The media is also emerging as a key stakeholder for promoting CSR.

10. Supply chain integrity

Another significant driver for CSR, especially among small and medium-sized companies, is the requirements that are being imposed by multinationals on their supply chains. This trend began with various ethical trading initiatives, which led to the growth of fair trade auditing and labelling schemes for agricultural products. Later, poor labour conditions and human rights abuses resulted in the development of certifiable standards like SA 8000. Major change has also been achieved through sector-based initiatives such as the Forest Stewardship Council and more recently, through the ‘Wal-Mart effect’, involving choice editing to source only from sustainable and responsible suppliers.

To conclude, the art of finding a ‘glocal’ business case is to determine which of these 10 incentives and pressures are the strongest and most applicable to the local context.

Article reference


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Part of the WAYNE VISSER BLOG BRIEFING Series
Open Sourcing Sustainability: Web 2.0 Meets CSR 2.0

By Wayne Visser

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CSR 2.0 responsiveness goes beyond traditional partnerships and CSO effectiveness; it is also about innovative ways to collaborate. I want to flag several Web 2.0 inspired experiments in responsiveness that are opening up sustainability and responsibility solutions to the public. One is a platform called the Eco-Patent Commons, which allows companies to share their intellectual property for the common good. The Commons was launched by WBCSD and covers issues like waste, pollution, global warming and energy. ‘The premise of the Commons,’ says Björn Stigson, president of the WBCSD, ‘is that the free sharing of these patents leads to new collaborations and innovation aimed at helping others become more eco-efficient and/or operate in a more sustainable way.’

The Eco-Patent Commons’ publicly searchable database already contains over one hundred eco-friendly patents from companies like Bosch, Dow, DuPont, Fuji Xerox, Hitachi, HP, IBM, Nokia, Pitney Bowes, Ricoh, Sony and Taisei. Xerox, for example, has eleven pledged patents that cover a process that cuts the time it takes to remove toxic waste from soil and water from years to months, as well as a patent that covers technology that makes magnetic refrigeration less harmful to the environment.

Dr. John E. Kelly III, IBM Senior Vice President and Director of IBM Research, believes that ‘innovation to address environmental issues will require both the application of technology as well as new models for sharing intellectual property among companies in different industries ... In addition to enabling new players to engage in protecting the environment, the free exchange of valuable intellectual property will accelerate work on the next level of environmental challenges.’

Similarly, Donal O’Connell, Director of Intellectual Property for Nokia, thinks that ‘environmental issues have great potential to help us discover the next wave of innovation because they force us all to think differently about how we make, consume and recycle products.’ Nokia have pledged a patent designed to help companies safely re-use old mobile phones by transforming them into new products like digital cameras, data monitoring devices or other electronic items. ‘Recycling the computing power of mobile phones in this way could significantly increase the reuse of materials in the electronics industry’, concludes O’Connell.

Even more significant than the individual patents that have been added is the shift in thinking that this signals among some of the largest companies in the world. It is true none of them are exactly ‘giving away the family silver’ – they are not opening all their patents – but they are demonstrating responsiveness on a scale never seen before. They are recognising that the global problems we face are larger than whatever individual solutions can accomplish. If we are truly going to be effective in tackling our most intractable challenges, we will need the wisdom of crowds and the collective efforts of millions of entrepreneurs.

A similar, more recent initiative is GreenXchange, a collaborative platform initially launched by Creative Commons, Nike and Best Buy. Partners include 2degrees, nGenera and Salesforce.com. The fact that Creative Commons – a non-profit organisation that previously developed licensing programs to help in sharing creative and scientific content – has branched into the environmental arena is good
news, not least because it brings a sophisticated understanding of the legalities of proprietary content, yet combines this with a commitment to open-source sharing.

The main difference between the Eco-Patent Commons and GreenXchange is that companies that contribute patents to the GreenXchange will have the option of charging users a fixed annual licensing fee and can also restrict any licensing by rivals or for competitive use. In addition, even if no annual fee is charged, patent users must register so there is a record of who is using what technology. The structure is more complex than the Eco-Patent Commons, but John Wilbanks, GreenXchange coordinator and vice president for science at Creative Commons, believes it will yield greater numbers of high-quality inventions. 'We don't depend on altruism,' says Wilbanks. 'This system helps the environment while enabling a firm to make money from patents in applications outside its core business.'

Wilbanks cites a fictional example for illustration purposes: Nike's air-bag patent for cushioning shoes is crucial to its core shoe business, but may have environmental benefits in other industries — perhaps in prolonging the useful life of tyres. GreenXchange could enable Nike to license the air-bag technology selectively to noncompeting companies. Although this example may be speculative, Nike's commitment to the concept is not. According to Kelly Lauber, a global director in Nike's Sustainable Business and Innovation Lab, by sharing its water-based adhesive technology and working with footwear makers, average levels of environmentally harmful solvents used by Nike's suppliers decreased significantly.

Nike has issued a GreenXchange booklet in which it lays out the challenge: Will the pursuit of sustainability create the new Google? The new Nike? The new disruptive view of business models, markets, profits and consumers? The answer is almost certainly yes. The conclusion is that 'it's time to dust off the research, the assets, the knowledge, the innovation you've developed on sustainability. Imagine the impact it could have if we gifted it to the world.'

Whether it is the Eco-Patent Commons or GreenXchange or some other platform for open-sourcing sustainability and responsibility that eventually prospers and becomes the new collaborative standard, the genie is out of the bottle. The idea is out there that, when it comes to technologies, processes, products and services that have potentially life-saving or earth-saving impacts, there is a moral obligation to share these with humanity. No doubt these collaborative platforms have started in the environmental space because, as was the case with reporting, green issues are easier to quantify and design solutions for. But we can expect them to spread rapidly to the social space as well. And as they do, they will shine a spotlight on those companies that are truly embracing the CSR 2.0 principle of responsiveness.

Article reference


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Is bigger always better or can we still say ‘small is beautiful’, as the pioneering economist E.F. Schumacher argued way back in 1973? Certainly, the ‘muesli-eating, sandal-wearing’ New Age approach to small-is-beautiful has been rather more of an advert for ‘small is groovy, but ultimately ineffectual’. But what if we could do both big and small at the same time?

I discussed the issue of scalability with Simon Zadek, a widely respected thought leader on the civil corporation and accountability, who posed the rhetorical question: ‘Is scale large institutional functionality, or is it a flotilla of little boats?’ This is where Chris Anderson’s Web 2.0 concept of ‘the long tail’ is very useful. The Long Tail – named after the extended tail of a statistical distribution curve – is the idea that selling less to more people is big business. It’s the business model that has spawned the most successful companies of the Web 2.0 age. The Long Tail questions the conventional wisdom that says success is about generating ‘blockbusters’ and ‘superstars’ – those rare few products and services that become runaway bestsellers.

Anderson sums up his message by saying that: 1) the tail of available variety is longer than we think; 2) it’s now within reach economically; and 3) all those niches, when aggregated, can make up a significant market. He also notes that this Long Tail revolution has been made possible by the digital age, which has dramatically reduced the costs of customised production and niche distribution.

There are three enablers of successful long tail businesses, according to Anderson: 1) democratising the tools of production (e.g. digi-cams, content editing software, blogging tools); 2) democratising the tools of distribution (e.g. Amazon, eBay, iTunes, Netflix); and 3) connecting supply and demand (e.g. Google, blogs, Rotten Tomatoes).

So I got to wondering: Is there a Long Tail of CSR? And if so, what does it look like? To me, the Long Tail of CSR is all about extending the reach of CSR, and improving its ability to satisfy specific social and environmental needs. Let’s use Anderson’s enablers as a framework for thinking about this.

**Democratising the tools of CSR production**

This is about breaking CSR silos and extending CSR beyond multinationals. At the early stages of CSR adoption, it is often confined to Public Relations, Corporate Affairs or Marketing departments. As CSR implementation matures, responsibility tends to migrate to specialised CSR departments of various descriptions (environment, health & safety, accountability, corporate citizenship, etc.). However, these versions of CSR are like the Hollywood model of blockbuster films. They suggest that CSR is about a few, high visibility programmes that are designed by CSR experts and delivered by big companies.

By contrast, democratising CSR production would mean firstly embedding CSR across the organisation – making it the responsibility of operations managers, financial managers, shop floor workers, basically everyone. This is only possible if CSR becomes part of the culture and incentive systems of an organisation. CSR would also need to be extended beyond the usual suspects (i.e. the high profile, branded multinationals) to the less visible B2B (business to business) and national (rather than multinational) organisations, as well as to SMEs (small and medium sized enterprises) and down the supply chain.

**Democratising the tools of CSR distribution**

To date, CSR has mainly be ‘distributed’ via a few select projects – typically philanthropic or charitable activities – in which the company offers its help to the
‘less fortunate masses’. Usually, the nature and scope of CSR activities is determined top-down and offered as a fairly undifferentiated ‘service’, e.g. Nike might decide to focus on sponsoring sports teams, events and celebrities and Coca Cola might choose water as its key CSR issue. The most common delivery mechanisms are money (sponsorship and other forms of charity), or for the more advanced companies, adhering to generic CSR codes and standards.

By contrast, democratising the tools of CSR distribution should include allowing staff to participate in CSR delivery through volunteer programmes, and developing more geographically tailored and sector-specific CSR codes and standards, such as the Roundtable on Sustainable Palm Oil, or the Global Reporting Initiative guidelines for HIV/AIDS reporting. Beyond this, embracing Bottom of the Pyramid (BOP) markets and supporting social entrepreneurs will allow the reach of CSR to be extended so that the needs of formerly unserved or underserved people can be met.

Connecting CSR Supply and Demand

Traditionally, CSR has been offered in the form of grants by multinational head-offices, who control the budget and set the criteria by which prospective philanthropic projects should be selected. For the more advanced companies, this has been extended to adherence by their operations to corporate codes of CSR practice and communicating this through CSR reports. Demand has typically come from community groups applying to corporate foundations for funding, or NGOs taking an activist approach to demanding improved CSR practices.

By contrast, connecting the Long Tail of CSR supply and demand will rely increasingly on cross-sector partnerships, multi-stakeholder groups, social media and crowdsourcing. For example, Rio Tinto works with the World Conservation Union to identify biodiversity needs and satisfy them through appropriate CSR activities. Companies may also use extended stakeholder networks of community groups, social entrepreneurs and microcredit enterprises to better match their capacity to make a positive impact among those who can most benefit, as BP is doing with smokeless stoves in India and SC Johnson is doing with cleaning products in Kenya.

Hence, applying the Long Tail concept to CSR requires a different way of thinking about how CSR is generated, delivered and managed. It means making CSR a more inclusive and embedded process within the company, and a more diverse and far-reaching set of activities outside the company. It also means creating meaningful stakeholder partnerships to ensure that the right kinds of CSR benefit the right groups of people, where and when they need it. The Long Tail in a nutshell, according to Anderson, is: ‘culture unfiltered by scarcity’. By extension, the Long Tail of CSR in a nutshell is: ‘responsibility liberated by collaboration’.

Article reference


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