

**CORPORATE SOCIAL RESPONSIBILITY**

## **Seven Innovative Ways in Which Companies are Changing CSR (and the World)**

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*Whether self-serving or altruistic, companies' duty to contribute to society is becoming more and more expected.*

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The world seems to be changing at a breathtaking pace. A decade of technological advances and a strong social media presence has altered the way we live and communicate. COVID-19 changed the way that we work and connect. Climate change is transforming what matters to us and how we approach the future. Why should the role of business in society stay the same?

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Companies, with their products and operations, are not the same as 20 years ago. The manner in which firms pursue their missions and address their responsibilities is also transforming. Corporate social responsibility (CSR) is changing in meaning and implementation, as do the motivations to engage in, and the benefits reaped from, CSR. These range from self-serving to altruistic ones, with companies contributing to society way beyond the creation of jobs, products, and services.

CSR was **coined in the 1950s**, with a narrow view that prevailed through the 1970 (“The only social responsibility of business is to maximize profits,” **said Milton Friedman**). It was seen as a marketing tool through the 1980s and 1990s, when companies used CSR for public relations (PR), giving rise to a tidal wave of **greenwashing**. For decades, CSR was a synonym for **corporate philanthropy**. Companies were making money one way (often at the expense of people and the environment) and then giving money to charity as part of their PR, thus reducing their taxes and reputational damage and dampening calls for greater regulation.

However, this generation is witnessing an increasing number of firms taking a more holistic and strategic approach to their CSR. Pioneers such as **The Body Shop**, **Ben & Jerry's**, and **Patagonia**, have started to adopt a new CSR - embedded in every part of the company. Based on devoted business leaders, inclusive corporate missions, and adoption by all stakeholders, such corporations are rewriting the definition of CSR. They do so with such **innovation and inclusivity** that makes corporate philanthropy pale in comparison.

**Strategic CSR** is a holistic and long-term approach to broad responsibilities, based on ethical commitment and stakeholder integration. It refers to utilizing the firm's resources, power, and brand to address societal and environmental issues. This approach leads companies to think outside the box on how they can unleash a new wave of innovation for social impact and improve society.

Several recent innovations are changing CSR and the world. They are based on involving employees, consumers, and other stakeholders in the process of invention and improvement, backed up by the full support and encouragement of the company. Here are seven such innovations with outstanding examples:

## 1. Social intrapreneurship

**Social intrapreneurship** occurs when employees use their creative mindset to address social and environmental issues while still employed by the company and usually with its support. Unlike business intrapreneurship, such as in the case of Sony PlayStation, where an employee came up with a brilliant idea used by the company for profit gains, here the focus is societal gain. It is more similar to the concept of social entrepreneurship, but the person behind it is still an employee: an intrapreneur rather than an entrepreneur.

For example, an employee in **Westpac**, one of the four largest banks in Australia, wanted to address the issue of refugees in Australia, and particularly the negative perception of them as "Boat People". While working at Westpac, Heycox innovated his idea and established a not-for-profit organization, "***I am a Boat Person Inc.***", aimed at offering financial literacy to refugees. The Bank backed him up with financial support, corporate volunteering, and guidance.

## 2. Climate and political activism

Ben & Jerry's drew media and public attention this year when **refusing to sell their products in Israeli settlements**. They noted: "We believe it is inconsistent with our values for Ben & Jerry's ice cream to be sold in the Occupied Palestinian Territory". It was willing to lose business to support its values and political stance.

In recent years, the trend of **corporate political activism** has started to take a stronghold. **Some say it is the presidency of Donald Trump** that led many companies, especially in the US, to use their voice, agency, and brand to raise awareness of, and take action on, political matters. When companies support controversial issues and movements such as **Black Lives Matter**, **#MeToo**, or **the LGBTQIA+ community**, they use their powerful voice in ways that seek to transform public opinion and behavior. When corporate political action is directed toward climate change, it is called **climate activism**. Companies use the same methods to call governments and the public to immediately mitigate the worst global crisis.

Patagonia, the American outdoor apparel company known for its environmental activism and leadership, provides a great example of this new approach. When most companies in the US use "Black Friday" to sell as much as possible, Patagonia issued its famous "**Do not buy this jacket**" ad. It asks consumers to reduce, reuse, and repair. In the 2020 US elections, Patagonia called people to vote for those who would save the planet. In the recent COP26 United Nations Climate Conference in Glasgow, Patagonia issued an **open letter** stating:

*"Our message to policymakers in Glasgow this month is clear: Set global standards for carbon accounting and offsetting. Right now, it's wild out there, with a lack of clarity that just feeds greenwashing and delays meaningful action. [...] Join us in cutting through the blah, blah. Our voices are stronger when we speak together."*

## 3. Consumer-based philanthropy

For many years companies have involved their employees in their corporate philanthropy, asking them to give their time as part of corporate volunteering or money in the form of payroll giving. Recently, some companies have realized that **consumers**, particularly young ones, want to “give the way they live” and appreciate companies who offer them a way of being involved. A recent trend in consumer-based philanthropy is at the point of sale. For example, customers may voluntarily “round up” their bill at the register, with the extra amount going to charities designated by the retailer. The point-of-sale **charities checkout campaigns carried out by the 79 largest campaigns raised** over \$486 million in 2018.

Optus, an Australian telecom giant and a subsidiary of Singtel in Singapore, came up with innovative ways of doing just that. As many of its customers already use the Optus app to check their data usage, Optus offers them the “**Donate your Data**” option on the same app. Consumers with unused data can choose in one easy step to donate it to people who need it, and, in turn, Optus provides free services to people and organizations. The consumers then receive emails with stories of impact. It is easy, rewarding, and impactful. Recently, Optus started a new program, “**Donate your Device**,” where customers can donate their old phones and divert them from landfills. Optus refurbishes them and donates them to people who need them.

## 4. Digital corporate volunteering

In an era where companies use technology to change the world, sending employees to paint walls and plant trees is suboptimal. **Corporate volunteering**, where employers enable and encourage employees to volunteer through the workplace, has undergone significant transformation in the last decade. With a shift toward **skill-based volunteering**, employees can use the same skills applied in their day-to-day jobs to help the community. Some companies also use the advancements in technology to create **digital volunteering** opportunities that employees can participate in from their desks or while working from home. This is rapidly becoming important, particularly in the face of the recent global pandemic, which witnessed a massive decline in volunteering – both overall and in workplaces. Some companies go further and create platforms for employees

to participate in micro-volunteering: short volunteering sessions using phones and apps. Captivatingly, there is immense potential to involve consumers and other stakeholders in digital and micro-volunteering, yet not many companies are doing it yet.

With **in-person volunteering coming to a halt due to COVID-19 restrictions**, Deloitte Ireland persisted by finding **new ways to support their community**. They identified two vulnerable groups which could benefit from virtual support: immigrants and the elderly. Deloitte's volunteers helped skill up the elderly to use current technologies. They also collaborated with Business in the Community Ireland (BITCI) to introduce a new volunteer program, '**Time to Talk**.' Deloitte's employees volunteered online to converse with participants from migrant communities, supporting their language skills and enhancing employability.

## 5. Family volunteering

Another innovative way of involving employees is **family volunteering**. Parents and children (or any other forms of families) jointly volunteer, spending valuable time together while helping others. **The benefits of family volunteering** are exponential, as it reinforces a giving culture within families, the building blocks of society, by facilitating family cohesion, positive attitudes toward community services, and work-life balance. In addition, family volunteering is the most effective way to develop volunteering habits in children, which continue into adulthood. If companies can involve employees in family volunteering, they would offer a wide range of benefits to their employees, signaling the significance of family-life-work balance and that people can bring their whole selves to work. Presently, this is still particularly important for women, many of whom still feel that **they cannot talk about their family at work**.

Family volunteering can be facilitated by the employer, but some companies are taking an even more innovative approach. After years of donating free tickets, **Disney Parks** now gives them to charities that enhance family volunteering programs, where adults and children volunteer together. Chairman Bob Chapek said to **Forbes**: "Family volunteering deepens bonds and strengthens communities. And with a little pixie dust in the form of a visit to our parks, this program has made a significant difference."

## 6. Diverting goods from landfill

Philanthropy usually has three main channels: giving time, money, and in-kind. During times of need, such as when a large-scale natural disaster occurs, companies provide all three. They contribute the time of their employees who volunteer as part of their jobs (within or outside working hours) to help; donate money to affected communities and the NGOs that support them; and offer in-kind donations of non-financial tangible goods, such as household items. The primary motivation for giving in-kind goods was to deliver needed resources to the community. However, a new drive has recently emerged to this aspect of CSR. Donation of goods no longer required by the company can help divert them from landfill. Used furniture or unsold food are given away so that the companies can reduce their waste, carbon emissions, and costs. As part of their climate action, an increasing number of companies are seeing dual benefits to the donation of goods: to the community and the environment (as well as to the firm and its stakeholders). For example, in the USA, many hotels donate used furniture to ReStore, a national charity organization associated with Habitat for Humanity that sells low-cost furniture to people in need. Supermarkets and food manufacturers donate nearly expired nonperishable foods to local food banks.

**Medline** is a healthcare manufacturer and provider headquartered in the US. As it provides disposable medical goods, from surgery supplies to personal protective equipment (PPE), Medline's sales surged during the pandemic, as did the company's concern about its environmental footprint. Taking care of patients' health implied disposable sterile goods, and Medline had to be innovative to be sustainable, such as through donations of unused medical goods to NGOs and countries in need. One example is the **OR towel take-back program**. Rather than having customers pay to dispose of used operating room (OR) towels, Medline facilitates a pickup free of charge. Instead of being sent to the landfill, the towels are repurposed in non-healthcare industries. Since 2018, 68 metric tons of towels have been re-purposed.

## 7. Impact investing

**Impact investing** has emerged as a novel way of creating financial and social returns on investments. Shifting beyond responsible investment, which uses negative screening (e.g., avoiding financial investment in harmful industries such as fossil fuels), impact investors direct money to those who can improve society. Impact investing companies position themselves as change-makers who utilize resources to help others, such as social entrepreneurs, to achieve dual goals. Instead of relying on scarce donations based on corporate philanthropy, impact-generating organizations can work with professionals to ensure financial *and* social returns, making their income more sustainable. Together, they use sophisticated tools to generate and measure long-term and macro-level social impact.

**Triodos Bank**, headquartered in the Netherlands, manages over a dozen sustainable investment funds. Triodos has been actively engaged in impact investing since 1995, and it is one of the founding members of the **Global Impact Investing Network**. The Bank invests primarily in renewable energy, sustainable food and agriculture, health care, and education throughout Europe, South America, Africa, India, and Southeast Asia.

In a world where needs and solutions are transformed, opportunities to make a difference are immense, and the ability to work with all stakeholders is readily available, CSR should not remain stagnant. These exemplary companies are reimagining their role in society, redefining CSR, and impart new meaning to it. CSR is no longer about philanthropy and PR. If done well, it holds nothing less than the promise to connect us all and create a better world.



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