

CSR – A new definition for a new age

The focus of CSR is shifting from Corporate Social Responsibility to a responsibility shared by companies, customers and governments. This shift is a win-win opportunity for citizens, companies, investors and the planet, demanding new purpose-led behaviour and a new definition to inspire it: ***‘Caretaking Sustainable Relationships’***.

Lepere Analytics <Shared Value> study (Oct 2014) measures what citizens around the world expect of themselves and of companies and organisations in meeting the world’s needs. The study highlights the scale of the shared-purpose opportunity. It reveals that 78% of Expert Stakeholders™ are looking to companies more than governments to answer the world’s problems but 70% of them also feel that companies are doing a little, not much or nothing to make the world a better place. In a recent (2014) survey conducted by EY and Harvard Business Review Analytics, 91% of executives identified that their company has or is working on developing a purpose.

The three ages of CSR

A game of risk played out between companies and customers characterised the first age of CSR to the detriment of the environment and continuing social inequality around the world. The corporate world is not prepared to absorb increased costs and holds up customer reluctance to pay more for products and services as proof that they don’t really care. Customers, as now, believe social responsibility is also a company responsibility. Instead of paying more they responded in their billions to famine and poverty appeals like Live Aid (1.9 billion people, across 150 nations, are estimated to have watched the live broadcast) and environmental causes (the United Nations Framework Convention on Climate Change was agreed in 1992).

The age of corporate philanthropy evolved. Many companies still either subscribe to this view or are on a treadmill of repeat practice. Sponsorships, policies and lots of PR, is all designed to demonstrate a company’s commitment. Being seen ‘to do’ CSR is as, if not more, important than the activity itself. Others companies are now beginning to demand that CSR delivers direct business results instead of creating alignment with purpose and values. In missing the key step of corporate purpose and values driving strategy and execution, this approach misses the opportunity. In the EY/Harvard Business Review Analytics study less than half of business executives believe their strategy is aligned to purpose and only 37% believe their operating model and operations are aligned to their company’s

purpose. For many companies CSR continues to exist as a programme or a policy-on-a-shelf rather than a driver of value.

We are now in the third age of CSR, the shared-purpose period. The focus moves from a narrow view of corporate social responsibility to the much broader concepts of shared-purpose and shared value based on mutual self-interest. Enlightened companies like Whole Foods, Warby Parker, Unilever, Patagonia and DuPont, all of different sizes, at very different stages of development, realise sustainability is good business and enlightened citizens look to them to help solve the world's problems. The UN Global Sustainability Report 2013 finds that businesses worldwide are increasingly engaged and states that; "...companies prosper when the world in which they operate isn't weighed down by disease, strife, economic breakdown, illiteracy, human rights abuses and poverty". The World Bank estimates that during the period 2000-2011 the world's GDP per capita rose by 90%. Over a similar period 1996-2011, Raj Sisodia, of the Conscious Capitalism movement estimated that purposeful companies outperformed the S&P 500 by ten times.

Time for a new definition

Corporate Social Responsibility fails to capture the critical idea of co-interest which characterises the new shared-purpose period of CSR. What's your view? Could 'Caretaking Sustainable Relationships' be a new definition that helps inspire the right behaviour in your organisation, to create sustainable shared value for your customers, employees, investors and the communities in which you work?

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