This chapter is an excerpt from Innovative CSR: From Risk Management to Value Creation

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Modern corporate social responsibility (CSR) has been strongly influenced by both economic and political developments that have occurred globally over the last two decades, in particular its increased influence on the capital and financial markets and private investment in the business sector. More recently, it has been suffering as a result of the impacts of the global credit crunch. At present, businesses are under increasing pressure to review their business models and strategies, in order to address responsibly their adverse impact on the environment, economy and society. In this context, it has become apparent that society not only expects corporate entities to play a key role in addressing these issues but also expects consumers, employees, supply chain operators and national and international government agencies to take positive actions in regard to these matters.

There are many directives and guidelines on CSR (e.g. European Commission 2000) and a widespread awareness of its relevance worldwide (Idowu and Leal Filho 2009), but the real basis of CSR is the fact that businesses have now realised
that they have a broader responsibility, not only towards their own shareholders but also to the community as a whole (SustainAbility 2004; Demirag 2005; Derickson and Henley 2008). Many companies have learned to take advantage of this trend (Kotler and Lee 2004) and The A to Z of Corporate Social Responsibility by Visser et al. (2007) provides a detailed description of the elements this entails.

As an attempt to document and disseminate current practice, this book has provided a wealth of case studies and wide range of examples on the innovative dimension of CSR as it is seen and practised today. In this context, it may be useful, on the basis of the trends experienced today, to make some forecast on what may be expected in the future—in other words, how the practice of CSR would transform its own outlook in the remaining 90 years of the 21st century and perhaps beyond that.

**Some future trends**

Three main future trends have been identified: the convergence of international CSR standards; the management of costs related to the implementation of CSR; and opportunities for innovation. These are analysed in turn below.

The first trend, the convergence of international CSR standards, seems to be on the increase. There are at present generally accepted CSR practices, which are finding their way into enterprises both large and small. Chapter 2, by Williamson, Lynch-Wood and Dragneva-Lewers, explores the regulatory preconditions for business advantage in CSR and illustrates the need for a long-term approach, while Baden has shown the relevance of CSR to SMEs (Chapter 4). Some experiences distilled from the practice of CSR leaders are documented by Arnold in Chapter 5, where CSR practices and relationships to stakeholders are analysed.

As far as the links between CSR and strategies are concerned, Galbreath and Benjamin have, in Chapter 1, illustrated how prioritisation of issues in an industry context can be achieved while Misani describes the differences between convergent and divergent CSR in Chapter 3. Further, Del Bosco presents in Chapter 6 the strategic and social opportunities offered by CSR, especially but not exclusively in respect of energy saving and environmental protection.

Indeed, CSR has moved away from being an area of marginal interest, towards becoming a mainstream activity. With the globalisation of the world economy, enterprises are shifting actions from ad hoc initiatives to corporate plans which illustrate their social responsibilities and commitments in this important field. This is certainly line with what Griffin (2007) describes as a new move towards reputation management.
The second trend identified in this book, the management of costs related to the implementation of CSR, is also a sign of an emerging field. Also called ‘strategic cost management’, the idea here is that CSR can be included in virtually all aspects of an organisation’s processes and activities. Chapter 9, by Guzmán and Becker-Olsen, illustrates the fact that strategic CSR can be a brand-building tool in the context of which the views of stakeholders in strategic management should be taken into account. The question of whether CSR offers value to consumers was analysed by Alvarado-Herrera, Bigné-Alcañiz, Currás-Pérez and Aldás-Manzano (Chapter 8), while a multi-level perspective was presented by Maas and Boons (Chapter 7).

Costs are also one of the main elements considered behind the HIV/AIDS intervention among South African SMEs, as outlined by Duarte and Houlihan in Chapter 12.

Ethical motivations, return on investment and the impact on socially responsible investors were the subject of the analysis performed by van Cranenburgh, Arenas and Albareda in Chapter 11. The management of risk for value creation in a specific sector—housing—was explored by Navare in Chapter 10.

Regardless of whether one is raising issues from either management or an accounting perspective, the management of costs associated with the implementation of a CSR strategy involves selecting some vital best performance measures, customer profitability and value-creation reporting. It also entails advanced budgeting that includes funding for the agreed strategic initiatives within an enterprise.

The third trend is related to innovation. Chapter 13, by Louche, Idowu and Leal Filho, deals with this and shows the relevance of a strategic dimensional approach, including the involvement of non-accountants in CSR, while Chapter 17, by Davis, shows the approach used in Japan where strategic CSR includes due consideration to business risk and market value creation. MacGregor, Fontrodona and Hernandez discuss the issues to be considered in heading towards a sustainable innovation model for small enterprises (Chapter 14), a line of thinking that also applies to the mining industry as indicated by O’Faircheallaigh in Chapter 18.

Further, Preuss describes in Chapter 15 some of the barriers to innovative CSR and outlines the impacts of organisational learning, organisational structure and social embeddedness of the firm in the process, while the role of consultants and how they contribute to innovation in the field of CSR was described by Frostenson in Chapter 16.

A fact that has also become clear is that the marketplace does play a key role in encouraging companies to operate in an ethical way. Should the pool of consumers who make decisions based on ethical criteria (where ethics is a primary decision factor or is at least high on their agendas) become limited, CSR may not survive and will simply become easy prey to the usual budget cuts. One hopes that if the
reverse were to be the case and consumers continue to praise and value CSR, then the future of CSR is probably secure.

**Conclusions**

The experiences and case studies presented in this book reinforce the fact that future practices of CSR will be more closely related to entrepreneurial practices than they have ever been before. Moreover, there are many elements that indicate that the shifts seen in CSR thus far are no longer limited to comfortable boardrooms; these issues are now finding their way into various sectors of society and different industries. As stated by McWilliams *et al.* (2006), the strategic implications of CSR are manifold and both multinationals and SMEs are increasingly being expected to seek suitable strategies and find new ways to respond to the challenges posed by addressing social issues as part of *entrepreneurial* practice. The tensions that have existed and will continue to exist between economic and social objectives need to be continuously monitored in order to allow them to be properly dealt with.

Critically speaking, there are numerous voluntary CSR initiatives undertaken by companies across the world. Most, but by no means all of them, engage in activities that have contributed positively towards improvements in local living conditions and quality of life and this book has documented a number of them. In many cases, their work has been instrumental towards establishing an enabling environment for the private sector, to which they belong, in order for them to function in an efficient way—thus fostering democracy, human rights awareness and local economic development.

An important question one may wish to ask in the future is: will companies continue to value their socially responsible work in the light of the current global recession? The answer to this question may not be easy to find as things stand currently but it will determine whether the practice of CSR turns out to be a trend of the ‘good days’ or a way of thinking that prevails regardless of the state of the economy.
References


