

Is CSR failing?

By Wayne Visser

CSR is a necessary, but insufficient response to today's most pressing global challenges. And CSR as it is currently practiced (what I call CSR 1.0) needs to either adapt, or die. Let me elaborate.

If you were to ask: Has CSR improved corporate activity on social, environmental and ethical issues over the past 50 years? The answer is, yes, absolutely. The recent book I co-edited, *The A to Z of Corporate Social Responsibility*, is testimony to this, listing more than 400 CSR concepts and codes, which are now common parlance and practice in business.

If you were to ask: Has CSR improved corporate performance on social, environmental and ethical issues over the past 50 years? The answer is more ambiguous. We have seen some improvements, for example in eco-efficiency and stakeholder sensitivity. But in many cases, the overall impact, driven by the constant drive for economic growth and globalization, has nevertheless been increasing.

However, if you ask: Has CSR brought us anywhere close to solving our most pressing social, environmental and ethical issues? Then the answer is categorically no, it has failed completely and utterly. Virtually all of the indicators - be they for poverty, health, climate change, biodiversity loss, deforestation, or water - are still headed in the wrong direction, i.e. things continue to get worse, not better. Why is this?

Many would argue that it is because of the spread of Western consumerism on the one hand and continued policies of protectionism on the other. In fact, critics of CSR claim (with some justification) that CSR may even serve to distract from the real reform agenda that is needed to tackle the global environmental, social and ethical crises, which is three-fold:

1. Revisiting the way companies are legally incorporated (and the shareholder-driven short-termism this creates);
2. Restructuring the financial market system (and the greed-driven instability this creates); and
3. Rethinking the type of capitalism we need to deliver fair and sustainable benefits through globalization.

To summarise, I am arguing that we need a revolution in CSR, as fundamental as the internet's evolution from Web 1.0 to Web 2.0. And CSR 2.0 (in which CSR stands for Corporate Sustainability & Responsibility), if it is to address the failings of the old brand of CSR, needs to achieve three things:

1. C - Connectivity - i.e. improved stakeholder relations through a variety of smarter, real-time feedback mechanisms with diverse interest groups.
2. S - Scaleability - i.e. the ability to scale up solutions, like the switch to low carbon and water neutral processes, so that they make real impacts.
3. R - Responsiveness - i.e. the willingness to engage employees and take bold action, through strong leadership, on the most pressing global issues of the day.

Source:

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