Corporate Social Responsibility — Improving the World One Company at a Time

Large companies have vast resources at their fingertips, and many of them are using this influence to create a corporate social responsibility (CSR) initiative to help make the world a better place to live in.

“CSR is an interesting topic that started as a buzzword in different forms in the 1950s, and over the past 20 years has evolved into one of the most important parts of an organization’s strategic plan,” says Dr. James Ziegler, a Business instructor at South University, Online Programs. “CSR used to be a matter of hasty actions on the part of businesses as reactive measures to issues that were the latest and greatest social buzzwords of the day. But over time, this has changed from being a way to improve public image to a way of being for a business.”

Ziegler says the modern concept of CSR may be tied to Dr. Archie B. Carroll’s Pyramid of Corporate Social Responsibility.

“Some companies still may not have gotten the word, but companies doing business on a national or multinational level must now incorporate CSR into their annual and, even more so, long-term strategic plans,” Ziegler says. “In the past decade or so, this has also trickled down to companies doing business at regional, statewide, and local levels.”

These companies are taking a variety of approaches to add corporate social responsibility into their business strategy, Ziegler says.

“We have seen CSR take on many roles over the years, such as improving the workplace, community support and volunteer work, going green, purely philanthropic causes, and more,” Ziegler says. “But the biggest buzzword, or trend, today has to be sustainability, which can be a combination of several CSR-related areas working together to create sustainable growth.”

Ryan Schuchard, Manager of Climate & Energy at BSR says companies are always thinking about the future, and participating in CSR strategies helps them get into a position to thrive.

“The world is changing and resources are becoming more scarce,” Schuchard says.

Having a corporate social responsibility strategy in place can bring countless benefits to companies, Schuchard says.

“There are real financial advantages that come with a lot of what it takes to achieve sustainability,” he adds.

Beyond financial returns, Schuchard cites company stakeholders as another reason many companies are investing a great deal of resources into their CSR strategies.

“One thing to consider is that there are stakeholders that care,” Schuchard says.

We have seen CSR take on many roles over the years, such as improving the workplace, community support and volunteer work, going green, purely philanthropic causes, and more.

Schuchard describes the business benefits of CSR as varied, with some direct and some indirect advantages.

He says one of the biggest sustainability challenges is climate change.

Many companies use CSR to try to anticipate what types of regulations will be in place in the future and to make the necessary investments to prepare.

Companies with the Best CSR Policies
Ziegler says the corporate social responsibility policies that have stood out the most to him are those of tech companies.

“For example, Microsoft is known for its education initiatives — often times in conjunction with the Bill and Melinda Gates Foundation,” Ziegler says. “My wife used to be a teacher for Denver Public Schools, and her inner-city K-8 school, which had over 90% of its students on the free and reduced lunch program, received a wonderful mobile computer lab, courtesy of a grant from the Gates Foundation.”

He also cites Google and Apple as tech companies with impressive CSR initiatives.

Ziegler notes a 2012 study by the Reputation Institute showing the top 10 most reputable companies in the world. Topping the list were BMW, Sony, The Walt Disney Company, Daimler, and Apple.

Schuchard says a company with a good CSR strategy typically has senior leaders who are talking publically about climate change and other sustainable issues, committing their company to goals, and seeing that employees have the resources to achieve them.

“What we really want to see is companies paying attention to stakeholders and doing structured ongoing stakeholder management,” Schuchard says.

For example, he credits companies including Nike, HP, Timberland, Levi’s, Starbucks as examples of good stakeholder engagement.

Schuchard says that many companies have suppliers in China, where there is a higher measure of greenhouse gas.

Part of his job at BSR is to help companies work with their suppliers in China to reduce greenhouse gas emissions.

He also works on a Future of Fuels program to help companies develop road maps for more sustainable fuel use.

Arguments by CSR Opponents

“The biggest argument against CSR has to be that companies are in business to make profits, and CEOs first responsibility is to the shareholders and not society,” Ziegler says. “Does this necessarily mean that CSR and profits are in direct opposition? No.”

Ziegler cites a Wall Street Journal article by Dr. Aneel Karnani as saying that sometimes a company can increase profits through CSR practices. The article uses the example of healthy foods, saying that society has increased its demand for these foods so they have now become profitable. He notes that fuel-efficient vehicles are also used as an example, saying that with the rise of gas prices and a poor economy, more consumers want cars that get 30, 40, or 50 miles to the gallon, so this CSR initiative also has become profitable for automobile manufacturers.

Ziegler notes a key point made by Karnani’s article is that if what is good for society cuts into profits, then the CEO has to make a decision that may not be in the best interest of CSR, but of the shareholders. Karnani says in these cases, CSR shouldn't be the primary concern of the company, unless the CEO can find a way to make it profitable. Ziegler says this is a common argument.

“I would argue that in today’s business world, a savvy executive can turn expensive CSR costs into profits and this can be done in many ways through marketing,” Ziegler says. “Although, Karnani argues that this is another problem with CSR — companies blowing their own horns, possibly blowing their programs out of proportion — just for the publicity of being able to say they have a CSR program, even if it is woefully inadequate. Which may be the case, but in many cases, it may be blowing one’s own horn, in perfect alignment with the base of Carroll’s Pyramid of Corporate Social Responsibility, (which is) economic responsibilities — be profitable,” Ziegler says.

Schuchard says most companies understand the benefits that CSR can bring to their organization.
“I don’t see a lot of true opposition to CSR,” he says. “There’s no real back and forth debate on the value of CSR.”

Companies have to choose which issues to focus on based on the intersection of business value and stakeholder satisfaction, he says.

“If you talk with senior company leaders there’s not a hold out saying it doesn’t matter, the real question is how do you really decide what to do?” Schuchard says. “A large company can think about 100 or 1,000 different issues.”