Can We Break the Spell of CSR Curses?

By Wayne Visser

Looking back, we can see that the 1990s were the decade of CSR codes and standards – from EMAS and ISO 14001 to SA 8000 and the Global Reporting Initiative. But these were just a warm up act compared to the last 10 years, when we have seen codes proliferate in virtually every area of sustainability and responsibility and all major industry sectors. So much so that in the A to Z of Corporate Social Responsibility, we included over 100 such codes, guidelines and standards – and that was just a selection of what it out there.

This spawning of CSR codes and standards is typical of Strategic CSR, emerging from the Age of Management. At its heart, this is the drive to relate CSR activities to the company's core business (like Coca-Cola's focus on water management) by turning these into formal management systems, with cycles of CSR policy development, goal and target setting, programme implementation, auditing and reporting. All good and well, but where does this leave us?

My belief is that Strategic CSR – like its predecessors Defensive, Charitable and Promotional CSR - has brought us to a point of crisis. Specifically, all these approaches are failing to turn around our most serious global problems – the very issues CSR purports to be concerned with – and may even be distracting us from the real issue, which is business's role causal role in the social and environmental crises we face. This failure is due to what I have called the three Curses of CSR 1.0, namely that it is incremental, peripheral and uneconomic. Let's look at these briefly in turn.

Curse 1: Incremental CSR

One of the great revolutions of the 1970s was total quality management, conceived by American statistician W. Edwards Deming and perfected by the Japanese before being exported around the world as ISO 9001. At the very core of Deming's TQM model and the ISO standard is continual improvement, a principle that has now become ubiquitous in all management system approaches to performance. It is no surprise, therefore, that the most popular environmental management standard, ISO 14001, is built on the same principle.

There is nothing wrong with continuous improvement per se. On the contrary, it has brought safety and reliability to the very products and services that we associate with modern quality of life. But when we use it as the primary approach to tackling our social, environmental and ethical challenges, it fails on two critical counts: speed and scale. The incremental approach to CSR, while replete with evidence of micro-scale, gradual improvements, has completely and utterly failed to make any impact on the massive sustainability crises that we face, many of which are getting worse at a pace that far outstrips any futile CSR-led attempts at amelioration.

Curse 2: Peripheral CSR

Ask any CSR manager what their greatest frustration is and they will tell you: lack of top management commitment. Translated, this means that CSR is, at best, a peripheral function in most companies. There may be a CSR manager, a CSR department even, a CSR report and a public commitment to any number of CSR codes and standards. But these do little to mask the underlying truth that shareholder-driven capitalism is rampant and its obsession with short-term financial measures of progress is contradictory in almost every way to the long-term, stakeholder approach needed for high-impact CSR.

So what we are left with is an approach to CSR which allows each company to set their own voluntary objectives and targets, which appear responsible, but lack the scale and urgency needed to reverse our social and environmental crises. CSR remains peripheral in another sense as well, because it is only a handful of big-branded companies that find themselves in the CSR spotlight. What about the millions of small and medium sized enterprises. By and large, CSR passes them by, despite their collectively bigger impacts.

Curse 3: Uneconomic CSR

Which brings us to Curse 3. If there was ever a monotonously repetitive, stuck record in CSR debates, it is the one about the so-called 'business case' for CSR. That is because CSR managers and consultants, and even the occasional saintly CEO, are desperate to find compelling evidence that 'doing good is good for business', i.e. CSR pays. The lack of corroborative research seems to be no impediment for these desperados endlessly incanting the motto of the business case, as if it were an entirely self-evident fact.

The rather more 'inconvenient truth' is that CSR sometimes pays, in specific circumstances, but more often does not. Of course there are low-hanging fruit – like eco-efficiencies around waste and energy – but these only go so far. Most of the hard-core CSR changes that are needed to reverse the misery of poverty and the sixth mass extinction of species currently underway require strategic change and massive investment. They may very well be lucrative in the long term, economically rational over a generation or two, but we have already established that the financial markets don't work like that; at least, not yet.

The way I see it, that leaves us with three options for taking CSR forward, which I like to think of as the Parrot, Ostrich and Phoenix scenarios.

The *Way of Parrot* is to tell it like it is: recognise the limitations of CSR and admit to its primary role as a business tactic for reputation management. The *Way of the Ostrich* is the status quo: pretend that CSR is working and that more of the same will be enough. The *Way of the Phoenix* is the transformative agenda: reconceptualise CSR as a radical or revolutionary concept that challenges the intransigent business and economic model and offers genuine solutions to our global challenges. The Way of the Phoenix is what I call Systemic CSR, or Transformative CSR, or CSR 2.0, and is what we are just starting to see rising from the ashes of the previous ages, as we enter a new Age of Responsibility. This rather more positive agenda is what I will explore for the remainder of this blog series.

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