

The Death of CSR

By Wayne Visser

My opening questions to you, dear readers, are: Has CSR failed? And if it has, should we kill it off before it misleads and distracts too many people from the changes we really need business to make? Or can we reinvent the concept and the practice of CSR?

First let me say what I understand by CSR. I take CSR to stand for Corporate Sustainability and Responsibility, rather than Corporate Social Responsibility, but feel free use whichever proxy label you are most comfortable with. My definition is as follows:

CSR is the way in which business consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement.

Put another way:

CSR is an integrated, systemic approach by business that builds, rather than erodes or destroys, economic, social, human and natural capital.

Given this understanding, my usual starting point for any discussion on CSR is to argue that it has failed. In my book, *The Age of Responsibility*, I provide the data and arguments to back up this audacious claim. But the logic is simple and compelling. A doctor judges his/her success by whether the patient is getting better (healthier) or worse (sicker). Similarly, we should judge the success of CSR by whether our communities and ecosystems are getting better or worse. And while at the micro level – in terms of specific CSR projects and practices – we can show many improvements, at the macro level almost every indicator of our social, environmental and ethical health is in decline.

I am not alone in my assessment. Indeed, Paul Hawken stated in *The Ecology of Commerce* in 1993 that 'If every company on the planet were to adopt the best environmental practice of the "leading" companies, the world would still be moving toward sure degradation and collapse.' Unfortunately, this is still true nearly 20 years later. Jeffrey Hollender, co-founder and former CEO of Seventh Generation, agrees, saying: 'I believe that the vast majority of companies fail to be "good" corporate citizens, Seventh Generation included. Most sustainability and corporate responsibility programs are about being less bad rather than good. They are about selective and compartmentalized "programs" rather than holistic and systemic change.'

In fact, there is no shortage of critics of CSR. For example, in 2004, Christian Aid issued a report called 'Behind the Mask: The Real Face of CSR', in which they argue that 'CSR is a completely inadequate response to the sometimes devastating impact that multinational companies can have in an ever-more globalized world – and it is actually used to mask that impact.' A more recent example was an article in the *Wall Street Journal* (23 August 2010) called 'The Case Against Corporate Social Responsibility', which claims that 'the idea that companies have a responsibility to act in the public interest and will profit from doing so is fundamentally flawed.'

This is not the place to deconstruct these polemics. Suffice to say that they raise some of the same concerns I have – especially about the limits of voluntary action and the 'misdirection' that CSR sometimes represents. But I also disagree with many of their propositions – such as the notion that CSR is always a deliberate strategy to mislead, or that government regulation is the only solution to social and environmental problems.

Be that as it may, there are a number of ways to respond to my assertion that CSR has failed. One is to disagree with the facts and to suggest that things are getting better, not worse, as do the likes

of Bjørn Lomborg in his *Skeptical Environmentalist* (2001). That is his and your prerogative. However, I find the evidence – some of which is presented below and which is widely available from credible sources like the United Nations-both compelling and convincing.

Second, you might argue that solving these complex social, environmental and ethical problems is not the mandate of CSR, nor within its capacity to achieve. My response is that while business certainly cannot tackle our global challenges alone, unless CSR is actually about solving the problems and reversing the negative trends, what is the point? CSR then becomes little more than an altruistic conscience-easer at best; a manipulative image-management tool at worst.

My approach – and the essence of the book – is to say that while CSR as it has been practised in the past has failed, that doesn't mean that a different kind of CSR – one which addresses its limitations and reforms its nature – is destined to fail in the future. What do you think? Are my arguments unjustified?

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