

Future Trends in CSR

The Next 10 Years

By Wayne Visser

Looking to the future, what is needed – and what is just starting to emerge – is a new approach to CSR, which I call Systemic CSR, or CSR 2.0. This is a purpose-driven, principle-based approach, in which business seeks to identify and tackle the root causes of our present unsustainability and irresponsibility, typically through innovating business models, revolutionizing their processes, products and services and lobbying for progressive national and international policies. This leads to my first forecast.

Trend 1 – *In the future, we will see most large, international companies having moved through the first four types or stages of CSR (defensive, charitable, promotional and strategic) and practicing, to varying degrees, transformative CSR, or CSR 2.0.*

But what will CSR 2.0 look like? How will we know it when we see it? The first test is Creativity. The problem with the current obsession with CSR codes and standards (including the new ISO 26000 standard) is that it encourages a tick-box approach to CSR. But our social and environmental problems are complex and intractable. They need creative solutions, like Freeplay's battery-free off-grid wind-up technologies (torches, radios, computers, etc.) or Vodafone's M-Pesa scheme, which allows the unbanked to perform basic financial transactions (depositing, withdrawing, transferring) using mobile phones.

Trend 2 – *In the future, reliance on CSR codes, standards and guidelines like the UN Global Compact, ISO 14001, SA 8000, etc., will be seen as a necessary but insufficient way to practice CSR. Instead, companies will be judged on how innovative they are in using their products and processes to tackle social and environmental problems.*

Another shift which is only just beginning is taking CSR solutions to scale. There is no shortage of charming case studies of laudably responsible and sustainable projects. The problem is that so few of them ever go to scale. We need more examples like Wal-Mart's 'choice editing': by voluntarily limiting the company to buying Marine Stewardship Council (MSC) certified seafood, Wal-Mart forces its customers to do the same. Other examples are BYD making small electric cars in China or the Grameen Bank microcredit movement.

Trend 3 – *In the future, self-selecting 'ethical consumers' will become less relevant as a force for change. Companies – strongly encouraged by government policies and incentives – will scale up their choice-editing, i.e. ceasing to offer 'less ethical' product ranges, thus allowing guilt-free shopping.*

A trend that is already underway and will continue to strengthen is the use of cross-sector partnerships. This is in recognition of the fact that the problems we face today are too global, complex and multifaceted for a single institution to solve. One good example is the Corporate Leaders Group on Climate Change, which has systematically and collectively urged UK and EU governments to set bolder climate policies.

Trend 4 – *In the future, cross-sector partnerships will be at the heart of all CSR approaches. These will increasingly be defined by business bringing its core competencies and skills (rather than just its financial resources) to the party, as Wal-Mart did with its logistics capability in helping to distribute aid during Hurricane Katrina.*

The idea of 'think global, act local' has been in circulation for some decades now, and indeed was given prominence at the original Rio Summit in 1992. However, companies are still learning to practice this balancing act, combining international norms with local contexts, finding local solutions that are culturally appropriate, without forsaking universal principles.

Trend 5 – *In the future, companies practicing CSR 2.0 will be expected to comply with global best practice principles, such as those in the UN Global Compact or the Ruggie Human Rights Framework, but simultaneously demonstrate sensitivity to local issues and priorities. An example is mining and metals giant BHP Billiton, which have strong climate change policies globally, as well as malaria prevention programmes in Southern Africa.*

A clear failing of our current economic and commercial system is based on a fundamentally flawed design, which acts as if there are no limits on resource consumption or waste disposal. Instead, we need a cradle-to-cradle approach, closing all resource loops and ensuring that products and processes are inherently 'good', rather than 'less bad', as Shaw Carpets does when taking back its carpets at the end of their useful life and Nike is starting to do with its Considered Design principles.

Trend 6 – *In the future, progressive companies will be required to demonstrate full life cycle management of their products, from cradle-to-cradle. We will see most large companies committing to the goal of zero-waste, carbon-neutral and water-neutral production, with mandated take-back schemes for most products.*

The way that we measure and report on social, environmental and ethical performance is changing. As the Global Reporting Initiative, the Carbon Disclosure Project and other standards are strengthened, a consensus on useful metrics is emerging. What is still missing, however, is an agreed set of mandatory metrics, publicly accessible in a database, which makes comparison possible. Current CSR indexes rank the same large companies over and over, often with differing conclusions.

Trend 7 – *In the future, much like the Generally Accepted Accounting Practices (GAAP), some form of Generally Accepted Sustainability Practices (GASP) will be agreed, including consensus principles, methods, approaches and rules for measuring and disclosing CSR. Furthermore, a set of credible CSR rating agencies will have emerged.*

Still, the role of government in the next 40 years will be crucial. Many of the issues that CSR is currently trying to tackle on a voluntary basis will be mandatory in the future, especially with regards to emission reductions (toxics and greenhouse gases), waste practices and transparency. There will also be a gradual harmonisation of country-level legislation on social, environmental and ethical issues.

Trend 8 – *In the future, many of today's CSR practices will be mandatory requirements. However, CSR will remain a voluntary practice – an innovation and differentiation frontier – for those companies that are either willing and able, or pushed and prodded through non-governmental means, to go ahead of the legislation to improve quality of life around the world.*

The form and media for transparency are rapidly evolving. We can expect annual CSR reporting to be increasingly replaced by online, real-time CSR performance data flows. Feeding into these live communications will be Web 2.0 connected social networks (such as those on Justmeans, where companies can stream their data and updates) and Wiki-style forums for crowdsourcing (such as OpenEyeWorld, where companies can electronically interact with hundreds of sustainability experts and gauge the 'wisdom of the crowds').

Trend 9 – *In the future, corporate transparency will take form of publicly available sets of mandatory disclosed social, environmental and governance data – available down to a product life*

cycle impact level – as well as Web 2.0 collaborative CSR feedback platforms, WikiLeaks type whistleblowing sites and product rating applications (like the GoodGuide iPhone app).

The way that companies manage CSR will also change. CSR departments will most likely shrink, disappear or disperse, as the role for a CSR generalist is confined to small policy functions. By contrast, more specialists in various aspects of CSR will be required and performance across responsibility and sustainability dimensions will increasingly be built into corporate performance appraisal systems (salaries, bonuses, promotion opportunities, etc.), as is already the case in companies like Arcor, the confectionary company in Argentina.

Trend 10 – *In the future, CSR will have diversified back into its specialist disciplines and functions, leaving little or no CSR departments behind, yet having more specialists in particular areas (climate, biodiversity, human rights, community involvement, etc.), and more employees with knowledge of how to integrate CSR issues into their functional areas (HR, marketing, finance, etc.).*

Collectively, these trends reflect a scenario of widespread adoption of CSR 2.0 In the future, a future in which companies become a significant part of the solution to our sustainability crisis, rather than complicit contributors to the problem, as they are today. Given the current global crises and mounting system pressures, and knowing business's ability to adapt and rapidly change, I regard this as a highly likely prediction sketched out by a concerned pragmatist, rather than the wish-list of a CSR 'true believer'.

Article reference

Visser, W. (2012) Future Trends in CSR: The Next 10 Years, *CSR International Inspiration Series*, No. 11.

Part of the CSR INTERNATIONAL INSPIRATION Series

Copyright Wayne Visser & CSR International 2011