

The Rise and Fall of CSR

Three Curses of CSR 1.0 and Five Principles of CSR 2.0

By Wayne Visser

Despite its seemingly impressive steady march of progress in the past decades, CSR has failed. Furthermore, we are witnessing the demise of CSR, which will continue until its natural death, unless it is reborn and rejuvenated.

CSR has undoubtedly had many positive impacts, for communities and the environment. Yet, its success or failure should be judged in the context of the total impacts of business on society and the planet. Viewed this way, on virtually every measure of social, ecological and ethical performance we have available, the negative impacts of business have been an unmitigated disaster, which CSR has completely failed to avert or even substantially moderate.

Why has CSR failed so spectacularly to address the very issues it claims to be most concerned about? This comes down to three factors – the Triple Curse of Modern CSR, if you like:

1. **Incremental CSR** - The incremental approach of 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.
2. **Peripheral CSR** - 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 change the underlying growth-and-consumption model that fuels environmental degradation and social disruption.
3. **Uneconomic CSR** - The '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 most of the hard-core CSR changes that are needed require strategic change and massive investment, which the markets don't support.

To get beyond these curses, we need a revolution that will, if successful, change the way we talk about and practice CSR and, ultimately, the way we do business. I call this new approach, CSR 2.0, where CSR stands for Corporate Sustainability and Responsibility. There are five principles that make up the DNA of CSR 2.0:

1. **Creativity (C)** – 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 Free-play's wind-up technology or Vodafone's M-Pesa money transfer scheme.
2. **Scalability (S)** - The CSR literature is liberally sprinkled with charming case studies of truly responsible and sustainable projects. The problem is that so few of them ever go to scale. We need more examples like Wal-Mart 'choice editing' by converting to organic cotton, Tata creating the affordable eco-efficient Nano car or Muhammad Yunus's Grameen banking model.
3. **Responsiveness (R)** – More cross-sector partnerships and stakeholder-driven approaches are needed at every level, as well as more uncomfortable, transformative responsiveness, which questions whether particular industries, or the business model itself, are part of the solution or part of the problem. A good example is the Corporate Leaders Group on Climate Change.
4. **Glocality (2)** – This means 'think global, act local'. In a complex, interconnected, globalising world, companies (and their critics) will have to become far more sophisticated in combining international norms with local contexts, finding local solutions that are culturally appropriate, without forsaking universal principles. We are moving from an 'either-or' one-size-fits-all world to a 'both-and' strength-in-diversity world.

5. **Circularity (0)** - Our global 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 the loop on production and designing products and processes to be inherently 'good', rather than 'less bad', as Shaw Carpets does.

Making a positive contribution to society is the essence of CSR 2.0 – not just as a marginal afterthought, but as a way of doing business. This is not about bailing out the Titanic with a teaspoon - which is the current effect of CSR 1.0 - but turning the whole ship around. CSR 2.0 is about designing and adopting an inherently sustainable and responsible business model, supported by a reformed financial and economic system that makes creating a better world the easiest, most natural and rewarding thing to do.

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