

## Why Businesses Should Implement a CSR Strategy:

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Social responsibility is an entity that suggests an obligation to act in the benefit of society at large. However, when the term is applied to the corporate world, [The World Business Council for Sustainable Development](#) suggests that the definition must also include “the continuing commitment to behave ethically while driving economic development.”

With an emergent demand to consider social and environmental consequences, Corporate Social Responsibility (CSR) is an unescapable priority for business management. As [Michael E. Porter](#) outlined, “it is more than just a cost constraint or a charitable deed”. It is, instead, a foundation for opportunity, innovation, and societal development.

Outlined below are 5 reasons why businesses should integrate CSR methods into their core values.

- 1. Brand differentiation:** Although the underlying motive may be the same, each company has differing CSR objectives. Many investors use a company's CSR, or lack thereof, as a crucial investment criteria. When deciding between two similar products, customers have a greater willingness to pay more (or invest more) for an engaging brand. Coca-Cola recently started the [5by20 program](#) which aims to empower young women entrepreneurs by bringing five million women into their business by the year 2020. According to [Jerry Wind](#), the academic director of Wharton University of Pennsylvania, “research suggests that such an investment in women can have a multiplier effect that leads not only to increased revenues and more workers for businesses, but also to better-educated healthier families and eventually more prosperous communities”. This initiative by Coca-Cola targets its appeal to female investors who feel a closer connection to the cause. Similar to Coca-Cola, companies can successfully leverage their own CSR initiatives, to differentiate themselves from similar product/service providers, in order to create a valuable brand representation.
- 2. Customer Loyalty:** With an increasing competitive business environment, it is crucial to be customer-focused when making strategic business decisions. Providing customers which a personal sense of connection to organizational values can significantly drive brand loyalty.

As an undergraduate business student, I have seen SurveyMonkey's polls being used on a daily basis due to its ease of access. However, what makes it unique from other surveying software, is its social responsibility aspect. The company donates 50 cents per survey completed to a charity of the survey-developer's choice. In 2014 alone, [SurveyMonkey](#) donated over \$1 million to charitable organizations. Allowing users to have a choice in the company's donations, gives them a greater sense of connection to the brand. By creating this alignment of personal values to corporate objectives, businesses are creating a sustainable competitive advantage, and are fostering lasting brand loyalty.

- 3. Attract top talent:** Consumers aren't the only ones drawn to businesses that perform with sustainable methods. Susan Cooney, founder of the crowdfunding platform [Givelocity](#), told [Business News Daily](#) that “the next generation of employees are seeking out employers that are focused on the triple bottom line: people, planet, revenue”. Attracting and retaining top talent has always been a strong focus of successful companies. Businesses can achieve this by aligning their CSR strategy to match the changing needs of today's top talent. According to [Filipe Santos](#), INSEAD Associate Professor of Entrepreneurship, by creating an environment that incubates and promotes socially-focused initiatives, “smart companies are able to keep their most talented and highly skilled employees, while also opening the way for new ideas, broader markets, and innovative ways of doing things”.

- 4. Innovation:** The focus on CSR has led companies to allocate research and development (R&D) resources to integrate socially responsible methods and materials in production. This increased emphasis on R&D has contributed to the discovery of significant innovative advancements that may not have been possible otherwise. Geoff McDonald, Unilever's VP of HR, Marketing, Communications and Sustainability, described in his [CSR talk](#) that the "lens of sustainability" allowed for the creation of skin cleansing and hair washing products that use significantly less water than before. Through the innovation of daily operations, [Unilever](#)'s water consumption has decreased "29% per tonne of production since 2008, and by 74% in absolute terms since 1995". When businesses reduce energy use, waste, and pollution in their production, operating and material costs will also decline. Thus, it is beneficial for companies to invest in R&D efforts which promote the discovery of innovative and cost-effective methods.
  
- 5. Long-term Outlook:** To advance CSR, it is crucial to understand that businesses and society are not independent from one another. Instead, they are inter-reliant functions that need one another to prosper. According to [Why Every Company Needs a CSR Strategy and How to Build It](#), a Harvard Business School Publication, "the priority for long-term success is increasing business opportunities and profitability, while also creating social and environmental benefits, by improving operational effectiveness throughout the value chain be it upstream in the supply chain or downstream in the distribution chain". This proposes the idea to restructure key aspects of the business to match a forward-thinking CSR strategy which mitigates risk from short-term fluctuations by preparing all levels of the organization for future sustainability. Most successful businesses are able to secure long-term economic performance. Forward-thinking businesses, however, are able to do exactly that while also ensuring that short-term behaviour is not detrimental to society or the environment.

Social responsibility should be adopted by all corporations, regardless of them being commercial or non-profit. The 5 benefits outlined above indicate how business can continue to gain economic benefit while also creating value for both society and the environment. Now is the time to act, whether you're a corporate manager adapting to the changing demand, a young entrepreneur starting out your career, an individual looking to support socially responsible companies!