

From Corporate Social Responsibility to Corporate Social Integration

Corporate Social Responsibility is a transitional period leading to the next phase, Corporate Social Integration. We need to move from present practice to a more integrated future where sustainability is the destination and responsibility is the journey and towards a performance-driven *modus operandi*.

What do we actually mean by corporate social responsibility (CSR)? It is difficult to define because it is such a broad concept covering the whole value chain and several stakeholders. The problem is not a shortage of definitions but, on the contrary, an abundance of them. What seems to be common to all of the definitions available are the following five dimensions: environmental, social, economic, stakeholder and voluntary. CSR is – or should be – about the interdependence of a company and society. Too often, however, there is some sort of tension between business and society. CSR is about making choices and long-term commitments to make the world a better place in which to live now and especially in the future. What makes CSR even more challenging to define is the fact that it concerns not only facts but also emotions. What is “the right thing” to do?

Corporate social responsibility is often regarded as an additional risk for business but simultaneously it offers a lot of potential. It can be an important source of opportunities, innovation and competitive advantage.

The main co-ordination mechanisms are regulation and hierarchy,

markets and competition and dialogue with several stakeholders. A fourth dimension, which we now see emerging, is a focus on local small scale actions such as demonstrated by Nestlé installing cooling tanks for milk in Indian villages.

The power of technologies, that of information technologies in particular, is considerable in terms of reducing and preventing poverty because isolation, a root cause of poverty, is disappearing. For example a cell phone is within reach in just about any village and through the use of such phones people become part of a wider network. In the 1980s the Norwegian Prime Minister **Gro Harlem Brundtland** developed the following definition of CSR: “Meeting the needs of the present without compromising the ability of future generations to meet their own needs”. Despite being a rather dated statement I think that it still very much embraces the core of corporate social responsibility in its simplicity.

Recognition of the importance of CSR has increased for companies

The challenges of CSR have not yet been met by the actions taken over

the past 10 to 15 years, far from it. Maybe it is that we still do not have proper mechanisms or that there is even a missing social agenda in our strategy. It is more likely that the number of challenges has increased and that tackling them has become more complicated. In addition, increasing use of social media and broadening social networks make it even more demanding to meet the challenges of CSR.

At least four types of drivers for the increasing importance of CSR can be identified on a corporation's agenda: Increasing awareness and activism of stakeholders – there exists broadly in society an increased awareness of the state of the world with increasing CO₂ emissions, melting icebergs, floods, drought and violent storms – all enabled by rapidly developing ICT technologies. New market opportunities – companies are competing for their market shares more than ever. Socially-responsible companies hope to gain new markets but they also aim to decrease costs and to improve for example energy efficiencies and a reputation and image as an employer. CSR is seen as one way to improve a corporation's competitiveness. International standardization in the form of several different rating systems – there is also a rating game on-going. Unfortunately a problem with some of the ratings is that response rates are not statistically very high and they contain self-reported company data that has not been verified externally. For small & medium

enterprises' (SME) supply chain integrity – small and medium size companies have started to be interested in CSR too, responding to practices set by big multinationals

What Technology Academy Finland does to promote sustainable solutions

Working for the common good with the help of technologies lies at the very core of the TAF's mission. We support such innovations and successful proven technologies which contribute to human well-being and accelerate sustainable development, now and in the future. Our main tool is the Millennium Technology Prize which TAF awards every second year and has done so since 2004. The Grand Prizes have been awarded to Sir **Tim Berners Lee** in 2004 for his invention of the World Wide Web, to Professor **Shuji Nakamura** in 2006 for his invention of energy-efficient light sources, to Professor **Robert Langer** in 2008 for innovative biomaterials for controlled drug release and to Professor **Michael Grätzel** in 2010 for economic dye-sensitized solar cells, “Grätzel cells”. What would the world be like without the Internet, led lights, micro-scale drug delivery or cheap solar cells? Not such a democratic and a good place to live I believe. For this year's round we have two laureates, **Linus Torvalds** for open source operating systems and Professor **Shinya Yamanaka** for ethical stem cells (induced pluripotent stem cells, iPS), a method which does

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not need embryonic stem cells. The winner of the Grand Prize will be announced on June 13, 2012.

Another important element in TAF's mission is to support education. We try to raise interest in mathematics, natural sciences and technology among young people and highlight the importance of technology for our future well-being.

Sustainability, responsibility and responsible technologies are issues of growing importance also on the agenda of other engineering academies. We engineers are dedicated to producing solutions for mankind's most important challenges such as clean and abundant energy, clean and portable water, climate change and effective and cost efficient health-care. Most recently one of our sister academies acatech in Germany has put ethics responsibility issues high on their working agenda. It is noteworthy that Germany has simultaneously improved its competitiveness in many manufacturing industries in the global arena.

Concluding comments

Corporations are not responsible for all the world's problems, nor do they have resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive benefit. Without economic responsibility it is not possible to fulfill other values. It is basically a question of choices. From TAF's perspective I



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see a large market for proven technologies to improve the quality of life of many people on the globe, not only in the area of ICT but also in material, medical and environmental sciences and technologies.

Actions have been taken in the area of corporate social responsibility mainly as image-improving measures but we are lacking more concrete pragmatic local solutions. In addition, the challenges are becoming greater. Probably we need to move from present practice to a more holistic and integrated future where sustainability is the destination and responsibility is the journey. We need to move from an image-driven to a performance-driven *modus operandi*.

We should not underestimate the customers of socially responsible companies either: they are often more critical and questioning than average customers. Companies should be well prepared to communicate with new types of customers.

But why focus on tension between business and society? They need each other. Companies' needs should be integrated with society's needs.