

A Sustainable Environment: Our Obligation to Protect God's Gift

by
George P. Nassos

We Urgently Need to Move Beyond Corporate Social Responsibility

The business term Corporate Social Responsibility (CSR), like the word “sustainability”, has a different meaning to different people and/or companies. It is a term that has been used in the business world indiscriminately since it came into vogue in the 1960s. Companies used the term to cover legal and moral responsibility when reporting to the stakeholders.

Today, CSR refers more about the environmental and social responsibilities of the company to all of its stakeholders including the community. In some cases, it also includes philanthropic endeavors. There is also a considerable amount of CSR measuring, reporting, marketing, and communicating. But how much of it is really having a positive impact on its objectives and how much is just window dressing – or green washing? Some people are even saying that “CSR is dead”.

Despite a global economic downturn, during the past two decades we have not only made little progress, we have actually lost ground. The Kyoto Protocol of 1997 established numerous milestones including one to reduce carbon dioxide emissions by just 5% in 15 years. Not only did we not meet that goal, globally we increased emissions by 58%. We are extracting our natural resources at such a pace that we are consuming 50% more than the earth can regenerate – or stated another way, we need 1.5 earths to satisfy our needs. The source of fresh water to meet our agricultural, industrial and human needs is insufficient today while the demand continues to increase.

The Technical University of Denmark recently conducted an analysis of about 40,000 CSR reports from around the world, and they showed that less than 5% of the organizations made any reference to establishing ecological limits for the protection of the earth. Of these organizations, only 31 defined science-based performance targets and strategies to create changes in their business models.

One of the challenges facing these organizations is the rate of change to improve their CSR. Most of the organizations consider incremental change as a safe mode. This may work but we really don't have the time. Companies must make a commitment to integrate sustainability into their operations and develop new products that can provide a competitive advantage while protecting the environment. Another challenge for the corporate world is to go away from the need to maximize profit. If that is their primary goal, it will be very difficult, but not impossible, to implement the changes necessary to become a true proponent of CSR with all of its attributes. The companies must be willing to accept a smaller profit if that is the only way it can integrate its environmental and social objectives into its operations. Maximum profits will soon follow. The companies cannot serve two masters.

Just as the financial people are calling to prepare an integrated report consisting of both financial and sustainability metrics, it is important for corporations to integrate their sustainability strategies with their profitability strategies. Only in this manner can a company work toward protecting our injured planet while meeting the financial objectives of its stakeholders. This can only be accomplished by imbedding the sustainability concept in the culture of the company. And it must come from the top. I have utmost respect for the work of Milton Friedman who stated in the 70s that the companies' objective is to make as much money as possible, but times have changed and we must consider the state of the planet.

Many companies have created positions like Chief Sustainability Officer or Director of Sustainability, but while this is a good start, it is insufficient. The corporate management must make the commitment to imbed the sustainability culture in the company and train as many employees as possible. Only in this manner will everyone understand the sustainability concept and work together to accomplish the goal. It starts by convincing the C-suite what integrating sustainability can do for the company. This would then be followed by introducing various sustainability strategies to the department heads – those that are responsible for making the necessary improvements to the product line. Sustainability training all the way down the organization chart would be the ultimate for the company as everyone would have the same objective and would work together to implement sustainability in their everyday duties.

We need to expand the definition of CSR to include the integration of environmental and social sustainability into the operations of all organizations. This is only way we can reverse the trend of depleting our natural resources.