Executive Monitor
CEOs and the New CSR Priority

Introduction

In recent years, attitudes towards Corporate Social Responsibility (CSR) have undergone a major shift. What was once regarded as an ancillary corporate activity is now ingrained in the fabric of an organization’s purpose, process, and profitability. With this new emphasis on CSR, businesses across industries and regions are re-examining their organization’s impact on society and their roles in creating healthy, sustainable communities.

This transition towards CSR requires careful consideration, communication and integration, all of which require effective executive leadership and a new set of leadership skills. With these enhanced leadership skills in place, CEOs will be well-positioned to usher in a new era of CSR and ultimately realize benefits for both their own organization and the outside world.

How is CSR incorporated into a business' operations? What is the role of the CEO in this process? What leadership skills and characteristics will be important for success? And how will this impact businesses and communities?

These are the questions facing CEOs as they sharpen their focus on CSR and grapple with the implications for themselves and their companies. In this report, drawing upon research, exclusive in-depth interviews, and a national survey of British adults, Boyden will uncover the challenges and opportunities facing CEOs as they prioritize CSR and build important initiatives into their corporate vision. By looking at historical shifts, leadership requirements, areas of impact, along with differences by region and industry, we will explore what it means to prioritize CSR and the role of CEOs in this socially engaged world.

The Changing View of CSR

Historical Attitudes Towards CSR

In his 1962 book *Capitalism and Freedom*, and again in a 1970 *New York Times* article titled “The Social Responsibility of Business Is to Increase Its Profits”, economist and Nobel laureate Milton Friedman popularized his theory that “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”

This idea launched the contention, widely accepted in the 1970s and 1980s, that a company's primary responsibility is to provide value to its shareholders. This argument asserted that any engagement in CSR activities reallocated shareholder value elsewhere and, as such, CSR “ran contrary to the interest of the company and by extension to the shareholders.”

Based on this understanding, CSR was limited to damage control or risk mitigation efforts. The issues facing communities were largely separated from the interests of corporate America, and interaction with broader society and external communities was reactive in nature.

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“Insofar as his actions in accord with his ‘social responsibility’ reduce returns to stockholders, he is spending their money. Insofar as his actions raise the price to customers, he is spending the customers’ money. Insofar as his actions lower the wages of some employees, he is spending their money.”

Milton Friedman, American Economist and Nobel Laureate (1962)

Changing Views of CSR

In recent years, as the world has grown more cognizant of the forces shaping global society, the emphasis on pursuing shareholder value above all else has been upended. There is, instead, renewed awareness of the continuous human quest for an improved quality of life and access to the resources that build a high-quality life, including food, water, shelter, stable governance, freedom, economic opportunity, and physical and mental health, among others. As Amanda Eversole, Head of Public Affairs and Managing Director of Corporate Responsibility at JPMorgan Chase & Co., tells Boyden, “People of all backgrounds deserve the dignity of work, of a pay check, and of being able to provide for their families such that they can live and work in a safe neighbourhood and enjoy economic opportunity.” Further, as the global population reaches nearly 7.5 billion people, there is increased strain on the earth’s finite resources. This pressure creates a delicate situation involving a quest for improved quality of life in a resource-constrained environment.3

In this environment, consumer demands have perhaps never been higher. They expect companies to help solve the economic, environmental and social problems impacting communities by ensuring that their internal business processes positively impact society.

Additionally, with the rise of the digital era, consumers have unprecedented transparency into business processes. Individuals and nongovernmental organizations are able to “observe almost every activity of a business, to rally support against it, and to launch powerful global campaigns very quickly at almost zero cost.”4 As Robert Grosshandler, CEO of iGive.com illustrates, “In the Information Age, customers have more access to information. They’re more educated. They’re no longer hidden from how their food is processed or how their iPods are made. And, because of things like social media, likeminded people more easily find each other, have their say and affect change. There’s a level of transparency that wasn’t there before.”5 This access allows consumers to scrutinize business practices and demand the change they want to see.

The State of CSR Today

As a result of this evolution, there is growing consensus today that CSR is a necessary and beneficial undertaking, both for companies and the communities in which they operate. Recent research shows that over one-third of people agree that businesses have increased their focus on operating in a way that takes them and communities into account.6 In fact, an August 2017 Boyden survey of more than 500 UK adults reveals that almost one-third, 29%, believe that responsible business operations, such as the fair treatment of workers, is the most important form of CSR engagement. CEOs have also seen this change in corporate behaviour, with one-quarter indicating that their organization’s purpose has changed within the last three years to reflect broader stakeholder expectations.7

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1 https://hbr.org/2012/02/what-it-takes-now-to-lead-a-bu
3 http://knowledge.wharton.upenn.edu/article/from-fringe-to-mainstream-companies-integrate-csr-initiatives-into-everyday-business/
4 http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2017/us/#four
Evidence of this shift in corporate behaviour includes the fact that in the early 2000s, only about a dozen Fortune 500 companies issued a CSR or sustainability report. Today, a majority of Fortune 500 companies disclose this information. Additionally, more than 8,000 businesses have signed the UN Global Compact, described as “a pledge to operate responsibly, in alignment with universal sustainability principles; take actions that support the society around you; commit to the effort from your organization’s highest level, to push sustainability deep into your DNA; report annually on your ongoing efforts; and, engage locally where you have a presence.” Furthermore, GRI reporting, a standard of reporting on a company's impacts on climate change, human rights and corruption, increased among S&P 500 companies from 25% in 2013 to 31% in 2014. Additionally, 27% of S&P 500 companies included discussions of their impacts on climate change in their 2014 SEC filings, an increase from just 5% in 2013.

As a result of these advancements, the nature of CSR has changed from a reactive damage-control measure to an active and purposeful engagement. Iván Arriagada Herrera, Group CEO of mining giant Antofagasta plc explains that “in the past, CSR was very much seen as a way to mitigate impacts that we thought we might be having on a community. Rather than really engaging communities in a dialogue to understand their needs, we addressed what we thought their needs and concerns might be. Now, however, we have changed our model so as to actively develop a shared vision to ensure that as the company grows so too does the community.”

“If you want a successful business this year, cut costs. If you want a successful business for 10 years, innovate. If you want a sustainable business for 100 years, invest in creating enduring social and economic value.”

John R. Childress, Senior Executive Advisor on Leadership, Culture and Strategy Execution Issues, Business Author and Advisor to CEOs

Integration of CSR

The Need for Integration

In order for this newfound emphasis on CSR to be successful, and for communities to grow alongside companies, it is critically important that businesses seamlessly integrate CSR into their overall strategies and missions. Without this deep level of integration, business processes will inherently favour either business performance or external engagement, not both. However, when the two are intrinsically connected and business processes are developed around a need to improve upon social needs, these goals are aligned and the two can be achieved in tandem.

As Arriagada adds, “Seamlessly integrating CSR into a company’s internal processes ultimately involves revisiting the very essence of the organization. This includes examining the vision, the culture, and the essence of what the organization stands for. When this is done correctly, CSR becomes very much core to the organization and can be achieved alongside business goals.”

Integration and the Need for Leadership

Still, the effective integration of CSR into a company’s core vision is dependent upon the involvement of leadership. As JPMorgan Chase & Co.’s Eversole indicates, “It is absolutely essential that the CEO and C-Suite be involved. These individuals serve as a company’s cultural centre and have great influence over the entire employee base’s attitude toward the importance of corporate responsibility.”

Additionally, the new Boyden survey reveals that an overwhelming number of UK adults, 88%, think it is important for a company’s CEO to play an active role in CSR and act as a spokesperson for the company’s

Lynn Ogden, Partner, Boyden United States

“While the concept of CSR has evolved from simple philanthropic giving and community outreach, it has more recently taken on a moral tone. Leaders who embrace CSR see it as an integral and foundational part of their company’s DNA and corporate culture. More often top CEOs are choosing positive social impact to the potential detriment of initial financial returns. For today’s CEO, it is about engaging with customers for a better future and not just short-term gains.”
CSR activities. Simon Levine, London-based Global Co-CEO of law firm DLA Piper, in a conversation with Boyden, observes that “CSR must be embedded in a company’s core culture and values, and the only way for this to be successful is for the tone to be set from the top. When CSR is communicated from the executives, it flows through the organization, is modelled by employees, and is incorporated as part of the company’s core raison d’être.”

This participation of all employees is critical to the success of CSR, as full integration can only be realized once CSR is practiced at all levels of a company. As Antofagasta’s Arriagada asserts, “A company’s CSR efforts will bear fruit once the whole team and all employees, particularly those who interact on a day-to-day basis with the communities, act with a concern for these initiatives. In this way, it’s very much a team effort. But the CEO has a strong role to play in modelling this behaviour and sending a signal internally for the organization.” To fully realize this integration, senior leadership will be tasked with making bold decisions around the avenues for seamless integration and tactics for workforce alignment. As such, for CSR to be fully integrated into an organisation and thereby enjoy success, it is critical that a CEO embrace this effort and both communicate and demonstrate its values.

The Path Forward for CEOs and the C-Suite

The Skills Required

For CEOs and their C-suite teams to successfully model and communicate the importance of CSR initiatives to their organization, a new set of skills is required. While certain characteristics are important to the success of an inward-focused business, for CSR to be effective a CEO will “need to be able to operate in a world with multiple stakeholders, different values, and diverse attitudes…” This requires certain soft skills in particular, which come to the fore in this socially engaged environment.

Namely, it will be increasingly important for CEOs to convene dialogue and effectively listen to a variety of stakeholders. Through discussions and meetings, CEOs can hear from stakeholders who are directly impacted by certain issues and understand the resultant effects. Ultimately, this will help CEOs to uncover what communities truly need from corporations and grapple with the best solutions to meet these needs. CEOs will emerge from these discussions better prepared to execute on business processes in a manner which fundamentally benefits broader society.

“Surrounding one of our main mines in Chile are several communities. By sitting down with these communities and engaging in a real dialogue, we are not there as an external part, but in fact, as part of the community.”

Iván Arriagada, Group CEO of Antofagasta plc

It will also become increasingly important for CEOs, as they work to lead and embody CSR initiatives, to remain open to challenges and recognize them as opportunities for innovation. Effective CSR initiatives undoubtedly challenge business practices and norms, such as the unexpected need to re-evaluate supply chain management. These shifts pose questions surrounding the path forward. However, by confronting these challenges in an open manner, CEOs can create opportunities to develop a new and improved direction for the organization, often utilizing innovative tools and solutions.

Finally, CEOs will have to direct the development of measurement criteria that allow companies to set CSR-related goals and measure progress against them. While there are several existing frameworks in place for reporting on environmental and social governance standards, CEOs will need to call on a broader and more detailed set of tools to measure value. As a recent survey identifies, developing these metrics can be a challenge, with less than 20% of respondents indicating that their companies measure the financial impact of external affairs activities.

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13 https://hbr.org/2012/02/what-it-takes-now-to-lead-a-business
14 https://hbr.org/2012/02/what-it-takes-now-to-lead-a-business
The difficulty in developing these tools stems from the fact that the financial benefits of CSR activities are often indirect and not yet realized, making them difficult to quantify. Still, without attempting to measure the progress and value of these initiatives, companies will be unable to allocate resources to them in a cost-effective manner. It will therefore be crucial for CEOs to leverage proxies, such as stakeholder satisfaction, to measure the success of CSR.\(^\text{16,17}\)

**The Benefits**

In addition to addressing the needs of society, CSR initiatives can have tremendous benefits for companies internally. Upon developing the necessary skills and practices for success, CEOs will be able to effectively lead CSR initiatives at their organizations and ultimately realize the benefits of social engagement.

**Employee Engagement**

One positive impact of CSR initiatives is the attraction and retention of talented employees. According to another recent study, CSR is the third most significant driver of employee engagement overall. Also, for companies in the United States, an organization’s stature in the community is the second driver of employee engagement, and a company’s reputation for social responsibility is also among the 10 most important factors.\(^\text{18}\) Millennials, the generation comprising the largest share of the workforce, are particularly receptive to CSR initiatives. In fact, the 2017 Boyden survey shows that, when looking for employment, 83% of British Millennials are more likely to work for a company with a robust CSR program in place.

As such, engaging in CSR activities can attract new employees and ultimately contribute to greater employee motivation and loyalty. In fact, “employees who work for purpose-oriented companies experience a 20% longer tenure, 50% greater likelihood to hold a leadership position and 47% greater likelihood to serve as a company advocate.”\(^\text{19}\) As Levine explains, “Our employees are highly educated and driven, and they want to feel as though they are contributing to the greater good. In addition to doing interesting day-to-day work and earning a meaningful wage, many people want to use their legal skills to support the wider community.”

**Customer Engagement**

In addition to serving as a tool for employee engagement, CSR also has the potential to attract and engage customers. According to a recent study by PwC, CEOs “believe that over the next five years, a greater number of customers will seek out products and services from organizations that address wider stakeholder needs, like health focus or environmental responsibility or societal consequences.”\(^\text{20}\)

Additionally, while 85% of these CEOs believe that customers currently seek products that deliver on cost, convenience and functionality, only 58% believe this will hold true in 2020, reflecting a 27 percentage-point dip. Instead, 41% of CEOs expect customers to seek relationships with organizations that address wider stakeholder needs in 2020.\(^\text{21}\)

This connection between customer engagement and CSR is felt across the world. A recent report reveals that customer demand is a key driver of CSR activity for companies globally. It is a particularly strong driver of CSR in Japan, where 95% of businesses identify this as an elemental force. India and Malaysia follow, where 85% and 82% of businesses, respectively, are being driven by customer demand towards more environmentally and socially sustainable practices. European countries also identify strong customer

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\(^{20}\) [https://www.forbes.com/sites/danpontefract/2016/01/19/ceos-now-believe-their-customers-are-expecting-a-higher-sense-of-purpose/#19389bb96956](https://www.forbes.com/sites/danpontefract/2016/01/19/ceos-now-believe-their-customers-are-expecting-a-higher-sense-of-purpose/#19389bb96956)

\(^{21}\) [https://www.forbes.com/sites/danpontefract/2016/01/19/ceos-now-believe-their-customers-are-expecting-a-higher-sense-of-purpose/#19389bb96956](https://www.forbes.com/sites/danpontefract/2016/01/19/ceos-now-believe-their-customers-are-expecting-a-higher-sense-of-purpose/#19389bb96956)
What challenges do you think CEOs face in elevating CSR and bringing it into focus at the executive level?

Arriagada: Mining is an industry which is very much linked to communities and to the territory in which we operate. Social engagement and interaction with the local community and society is therefore emerging as an important area that is keen for the business going forward. However, historically, many companies in this industry and others have been focused on productivity and cost efficiencies, and have been very inward-looking. As a mining company, we sell a commodity, we have a few clients, and we function differently from a consumer business where clients are engaged every day. This has perhaps made us less engaged with the purposes of corporate social responsibly. Therefore, the main challenge involves revisiting the essence of the organization and moving it to a place where addressing community and environmental challenges is also recognized as a source of economic value.

How has this new reckoning with community engagement shifted perspectives on the responsibilities of corporations?

Arriagada: In the past, a corporation was very much seen as responsible for creating returns for its shareholders, which is a legitimate purpose. However, social responsibility demands that a company serve a purpose for many stakeholders. A wider set of stakeholders, who aren’t necessarily concerned with a corporation’s revenues, profits and financial standing, have become increasingly important. These stakeholders, including communities and society at large, need to understand the purpose of the company as it affects them, so they can regard the company’s profit-seeking activities as legitimate. This requires that a company make its social and environmental commitments part of its foundation by revisiting its vision, culture, and really the essence of its existence.

How important do you think it is for a CEO to lead CSR initiatives?

Arriagada: Leadership from the CEO level is important in that it sets the tone from the top for the rest of the company. However, for a company to fully embrace this business model and mindset, the emphasis on social responsibility needs to be very cross-sectional. A company’s CSR efforts will bear fruit once the whole team and all employees, particularly those who interact on a day-to-day basis with the communities, act with a concern for these initiatives. In this way, it’s very much a team effort. But the CEO has a strong role to play in modelling this behaviour and sending a signal internally for the organization see this transformation through.
demand for CSR initiatives, with 80% of German businesses citing this as a driver, followed by Poland at 74%, France at 73%, and Italy at 72%. Additionally, while the percentage is slightly lower, businesses in the United Kingdom cite customer demand as the largest driver of CSR activity, with 62% of businesses in agreement.

Diverse business sectors are also largely impacted by customer demand for CSR activity. 82% of businesses in the hospitality sector cite customer demand as a driver for sustainable business practices, making this the top driver of CSR in this sector. CSR is also largely driven by customer demand in the healthcare and education sectors, both at 74%.

Cost-Saving

An additional benefit of CSR engagement is its impact on cost-saving. Sustainable practices and operations can often lead to financial rewards for companies. According to the Boston Consulting Group, there is a growing understanding that “trade-offs between economic development and environmentalism aren’t necessary. Rather, the pursuit of sustainability can be a powerful path to reinvention for all businesses facing limits on their resources and their customers’ buying power.” In this way, companies are beginning to see that through sustainable operations, such as using renewable energy, lessening waste production and reducing carbon emissions, they can save a great deal of money.

A notable example of the cost-saving ability of CSR initiatives is General Mills. By committing to saving energy through innovative technologies, General Mills pledged in 2015 to achieve 20% energy savings over 10 years. These improvements are expected to save the company over $4 million per year in energy costs.

As evidenced in a recent study, cost-saving is a CSR driver for companies across the world, with 67% of businesses globally citing cost management as a key driver. Similar to employee engagement, Asia-Pacific countries are most likely to see cost management as a driver for societal engagement, with 87% of Indian businesses and 84% of both Malaysian and Japanese businesses citing it as a driver.

Cost management is also considered a CSR driver in Latin America, where 80% of Brazilian companies, 80% of Argentinian companies, and 72% of Mexican companies consider it a top driver of environmentally and socially sustainable business practices. Cost management has also rapidly become important in the United States, with 77% of businesses citing it as a key driver of CSR in 2014, compared to just 42% three years prior. In addition, a range of sectors cite cost management as a driver of CSR initiatives. The transportation sector is most influenced by cost management, with 83% of companies identifying cost management as a top driver of CSR. Following transportation is the utilities sector at 73%, real estate and construction at 71%, and agriculture at 68%.

Keeping Pace with Competition

As companies become increasingly aware of the need to address social issues and begin to implement their own CSR initiatives, CSR will become more pervasive as a way to keep pace with the competition.

In fact, PwC found that CEOs believe that five years from now, the most successful organizations in their sector will have shifted their priorities towards recognizing the changing landscape, the demands of consumers, and the value of addressing them by embedding CSR activities into their company's fabric.

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24 https://hbr.org/2013/03/making-sustainability-profitable
25 http://knowledge.wharton.upenn.edu/article/from-fringe-to-mainstream-companies-integrate-csr-initiatives-into-everyday-business/
The success of these companies will encourage others to similarly engage in CSR in an effort to compete with market leaders. In contrast, those who do not effectively meet CSR expectations and industry baselines will fall behind their peers. Therefore, CSR will be increasingly beneficial to companies as they engage in sustainable business practices and thereby maintain a competitive edge.

**The Future of CEOs and CSR**

CSR offers a range of opportunities for companies as they seek to engage employees, attract customers, manage costs, and keep pace with the competitive landscape. Still, the changing state of sustainable environmental and social business practices creates uncertainty surrounding the path towards CSR, avenues for seamless integration, and tactics for workforce alignment. With these questions looming large, it is increasingly important for CEOs to confidently lead their companies in embracing CSR and the benefits they will realize.

To do this effectively, the C-suite and senior executives in general must adapt a set of skills critical to this new era of CSR opportunity. CEOs must learn to engage in dialogue with a wide variety of stakeholders, approach challenges with an eye for innovation and new solutions, and develop the needed tools to measure the achievement of social engagement. With these characteristics in place, CEOs will be able to lead their companies towards greater engagement, alignment, and ultimately success in this increasingly socially engaged world.

**Case Studies**

**JPMorgan Chase & Co.**

Throughout its history, JPMorgan Chase & Co. has dedicated itself to the notion that all companies – public and private alike – have a responsibility to support communities and drive societal change. CSR is core to the company’s mission and, as a bank, it sees a clear societal value proposition in enabling and catalysing economic growth for all. With clear direction and involvement from those at the highest level, including Chairman and CEO Jamie Dimon, JPMorgan Chase has experienced great success in matching its corporate goals with societal ones.

Over the course of his tenure, Dimon has ensured that CSR remain core to the organization’s practices. Armed with a strong belief in the American dream and the promise that people of all backgrounds have access to economic opportunity, and the dignity of hard work and reward, Dimon is committed to CSR at the most fundamental level. He believes JPMorgan Chase has an obligation to do the right thing because it is simply the right thing and serves a cause that is bigger than any single individual, employee or business process.

JPMorgan Chase has contributed greatly to a variety of pressing social and economic challenges. In 2014, the company pledged to invest $100 million over five years in the revitalization of the city of Detroit, and in May 2017, the bank pledged to expand this commitment to $150 million by 2019.

As Amanda Eversole, Head of Public Affairs and Managing Director of Corporate Responsibility outlines to Boyden, this promise to Detroit is more than a monetary contribution and, rather, demonstrates an investment in the city that lends expertise, skills and resources. “The firm has been doing business in Detroit for more than 80 years. When we announced our investment in 2014, the city was still in bankruptcy, but it was also open to change. And we were excited to collaborate with Detroit’s political, non-profit and business leaders who were – and remain – committed to fixing things together.”

JPMorgan Chase shared an aligned vision for the city, and with this shared goal in mind, was able to provide resources to help Detroit amplify this plan and realize renewal and growth.

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20) [https://www.usatoday.com/story/money/2017/05/10/jpmorgan-chase-detroit-investment/101504994/]
JPMorgan Chase’s Service Corps, to cite another example, is the firm’s signature skills-based volunteer program, which funnels the expertise of its employees to support organizations addressing economic and social needs. The program recruits senior-level people within the company to take a continuous three-week period away from their roles at the firm in order to work onsite with a non-profit partner. With teams of four JPMorgan Chase employees working at a non-profit at a given time, these groups gain access to senior-level advocates, who often remain involved in a mentoring capacity even beyond the three-week assignment. Ultimately, the program provides hands-on consulting services and optimized processes to which many organizations would not otherwise have access.

JPMorgan Chase also recognizes that this commitment to helping people move up the economic ladder also applies internally to its diverse set of employees. With this internal responsibility in mind, JPMorgan Chase pledged in July 2016 to raise the minimum salary of US employees from $10.15 an hour to between $12 and $16.50 an hour. As part of a three-year plan, this pledge will impact employees across the country, including bank tellers and customer service representatives.

With Dimon’s strong commitment to corporate social responsibility reverberating throughout the company, JPMorgan Chase has made CSR integral to its very existence. As Dimon points out, “Companies can actively leverage the capacity of their core business to strengthen the communities where they operate.” JPMorgan Chase has remained true to this vision and ingrained the pursuit of social change into its business model.

Google

Google has been repeatedly recognized for its commitment to social responsibility. As the company continues to set new goals for CSR initiatives, this dedication to CSR has been embedded in its ethos. Larry Page, Google’s co-founder and current CEO of Google’s parent company, Alphabet Inc., is deeply committed to CSR and founded Google on this vision.

From a young age, Page was interested in social justice issues and the ability to use hobbies, interests, and passions to create change. As a result, Page developed corporate programs designed to align employees behind the shared goal of corporate and social progress. One such program is Google’s policy of encouraging engineers to dedicate 20% of their work time to personal interest projects.

Today, despite Page’s relative distance from Google, the company maintains his vision by establishing socially conscious objectives across business units, reflecting an over-arching CSR mission. Google is a leader in CSR, working to reduce its carbon footprint and create technological products and services that weigh the environmental impacts. Google currently facilitates green commuting, is reducing energy consumption at data centres, recycles old equipment, and invests in wind and solar energy, having committed to investing $2.5 billion in renewable energy, including owning stakes in power plants. With these objectives, CSR is embedded in every aspect of Google’s business processes at all levels and verticals.

To realize its objectives, Google makes use of big-picture strategy, while also looking at each aspect of the business and identifying areas for CSR improvement. In this way, it involves all employees and business units in the idea of CSR with distinct and relevant initiatives rooted in a larger, top-down strategy.

Head of this high-level strategy is Kate Brandt, Google’s Sustainability Officer. In her role, Brandt infuses the company with its founding commitment to CSR and creates an integrated social responsibility vision for the company. Thus Page’s legacy at Google is seen in its sustained high regard for CSR. It is Page’s founding commitment to CSR and dedication to aligning the entire workforce around this vision that has allowed CSR to flourish at the company and continue to reach new heights.

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Ben & Jerry’s

Ben Cohen and Jerry Greenfield founded their company in 1978 on the idea that all stakeholders should share in its profits. Starting with this radical principle, Cohen and Greenfield infused their company with the goal of selling the finest-quality natural ice cream and operating in a manner which benefits the broader community on a local, national, and international level. In this fashion, Cohen and Greenfield devised a three-part mission statement: “To make the world’s best ice cream, to run a financially successful company and to make the world a better place.”

Cohen and Greenfield immediately began acting on this mission, and after setting up a factory in Burlington, offered stock to Vermont residents in an effort to share the wealth of the company with the community. Additionally, following a national stock offering in 1985, Ben and Jerry set up the Ben & Jerry’s Foundation, dedicated to affecting social change through the donation of 7.5% of the company’s yearly pre-tax profits.

As the business grew to $100 million in annual sales of ice cream products, Cohen and Greenfield continued to embed CSR activities into the company’s daily business processes. It sourced dairy from regional organic farms, only purchased milk free of artificial growth hormones, developed chemical-free containers and reduced its waste output. Additionally, the company featured various products uniquely connected to social responsibility issues, including the Peace Pop, from which 1% of profits were donated to efforts towards peace, and the flavour Rainforest Crunch, from which profits were donated to rainforest preservation initiatives.

By modelling their commitment to social responsibility, engaging in activities aimed at understanding social needs, and innovating to meet them, Cohen and Greenfield embedded a CSR mission into their company’s DNA and aligned their workforce behind it. Ben & Jerry’s was among the first to offer benefits to the same-sex partners of employees. Additionally, the company implemented a salary ratio, limiting the salaries of top executives to establish a culture of teamwork. Employees also enjoy benefits such as free health club memberships and subsidized childcare services.

Beyond the internal workforce, Cohen and Greenfield have made CSR core to their interactions with consumers and broader stakeholders. In place of traditional ad campaigns, Ben & Jerry’s promotes events and movements that are of value to the company, and sponsors events around peace, music and art.

As a result of the deep-rooted commitment to CSR pioneered by the founders, 17 years after the 2000 Unilever acquisition of Ben & Jerry’s, social responsibility remains fundamental to the company’s activities. Ben & Jerry’s has an “external board”, dedicated to the company’s culture and social mission, on which Cohen and Greenfield initially sat. In recent years, Ben & Jerry’s has furthered its commitment to local farmers, fought for national labelling of GMOs, and redoubled efforts to reduce waste and energy consumption.

Since its founding, Ben & Jerry’s has been deeply connected to CSR initiatives. It is Cohen and Greenfield’s commitment, integration, workforce alignment and demonstration of the necessary leadership skills that has allowed the company to grow in tandem with local, national and international communities, and even overcome the challenges of corporate acquisition. As a result, Ben & Jerry’s has enjoyed growth and profitability alongside its contributions to social progress.

“People know passion when they feel it and they want to be a part of it, but they also have bills to pay. Ben & Jerry’s understood that their combined passion for ice cream and for making the world a better place needed to prosper financially to make a significant and lasting impact. It is a rare, early example of such corporate conscience. CSR is credible and impactful in the structure and presentation of a corporation when it is a load-bearing wall, or one of three legs on a stool, rather than a foyer hastily painted in a fashionable colour.”

Steve Nilsen, Partner, Boyden United States

28 https://danielsethics.mgt.unm.edu/pdf/ben-and-jerry-case-.pdf

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Sources


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CEOs and the New CSR Priority

