CSR

in the age of compounded crises

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Companies and organisations are increasingly expected to play a greater role in solving some of the major global challenges and interconnected crises facing us. Are they up to the task? In this report, we ask if we are shifting our focus from reactive compliance to proactive commitment when it comes to how and to what extent companies and organisations engage in societal causes. We discuss what 'doing good' and corporate social responsibility mean today, outline crucial trends, and explore questions for the future.

SCENARIO reports

CSR in the age of compounded crises

FOREWORD

Pictet Asset Management has been working with the Copenhagen Institute for Futures Studies (CIFS) for over a decade to establish a deeper understanding of megatrends – the powerful secular forces that are changing the environment, society, politics, technology and the economy.

CIFS is a leading global think tank and consultancy. CIFS uses a wide range of research methods, developed over the last 40 years, which include megatrend analysis, scenario planning, risk management, innovation initiatives and strategy development.

Through our partnership with CIFS, we have devised an investment framework that incorporates CIFS' 14 megatrends. The framework – which includes trends such as Demographic Development, the Network Economy, Focus on Health, Sustainability and Technology Development – enhances our thematic equity capabilities and informs the construction and development of our thematic equities strategies such as Water, Robotics or SmartCity.

As CIFS' partner, Pictet Asset Management has access to research into areas not normally covered by the investment analyst community such as changes in societal attitudes and beliefs, the impact this has on the environment and the business sector, and the acceleration of technological development. We are proud to be associated with CIFS and would like to share some of their research with you. We have sponsored this publication and hope you find it as insightful as we do.

HANS PETER PORTNER
Head of Thematic Equities
Pictet Asset Management

FOTO: EBERHARD GROSSGASTEIGER

Content

Introduction The actions of organisations are weighed and measured like never before. PR missteps or failures to live up to rising consumer expectations can quickly result in social media backlash and global boycotts. As a result, brand values, ethics, transparency, and accountability are becoming crucial to maintaining consumer credibility and trust – but are they also crucial to surviving as a business? The answer to that question will depend on which company or organisation is in question. What is clear, however, is that companies and organisations are increasingly expected to take a greater part in solving some of the major global challenges and crises facing us.

So, solving the world's problems while maintaining a healthy bottom-line – can it be done? According to the UN, it has become a necessity. As they make clear in their Sustainable Development Goals (SDGs), the private sector is crucial to achieving the 169 targets which make up the 17 SDGs by 2030. There may even be money to be made while doing so: 'Blending purpose with profit', the UN states, 'can generate a unique competitive advantage to meet the expectations of discerning consumers, investors, and employees'.

In this report, we ask if we are moving from a focus on reactive compliance to proactive commitment when it comes to how organisations engage in societal causes. We have included nine different takes on the topic (plus an interview), approaching the future of *doing good* and corporate social responsibility (CSR) from multiple angles.

In the introductory article **'What does it mean to be a responsible organisation?'**, Dr Manya Lind tracks the evolution of CSR as a concept and a practice and raises the fundamental questions that drive much of the debate around it:

Do companies engage in CSR because of altruistic intentions or to boost sales in a high-visibility environment? Should a start-up be as equally responsible as a conglomerate? Do consumers care about motives or results? These are not easy questions to answer – but they are important questions to engage with in a time where a strong CSR profile has become a license to operate in many sectors.

In **'CSR: Does it work?'** on page 18, Mathias Bjørnhof and Martin Kruse raise other important questions. Responsible sustainability practices, they write, have become necessities for businesses on the same level as economic success. Corporations can no longer hide but need to be proactive and stand out in the open. However, companies are also faced with difficulties when trying to meet rising consumer demands: How do they measure CSR's impact on the bottom line and on society in general? Although these are tough questions to answer, as the authors point out, there are at least three ways in which CSR can contribute to improving performance, create growth, and align an organisation's social and environmental activities with its values and overall purpose.

As consumer demands and expectations for companies and organisations' abilities and commitments to do good increase, appearing environmentally or socially progressive has become an imperative for many. Sometimes, however, companies and organisations get ahead of themselves in their efforts to appear in support of progressive causes, which can lead to public backlash if this support does not manifest in adequate action. In '**Washing and hushing',** Nicklas Larsen takes a close look at different kinds of *washing* (variants of whitewashing) and the negative fallout for those who engage in them. As he points out, washing can have negative effects that go beyond the damage done to the individual company or organisation's image, and it can also lead to *hushing* – a term that you can get familiar with on page 28.

Staying in the intersection between activism and business, in **'The rise of woke capitalism'** on page 36, Patrick Gallen outlines the evolution of 'wokeness' and its modern fusion with the corporate world, and he asks what the future may have in store. As he writes, while organisations may feel responsible or pressured to act in the face of growing injustice, they risk sharp criticism at best and financial ruin at worst depending on how their intentions are perceived by the public. At the same time, there may also be serious consequences for silence or indifference, be it genuine or simply perceived.

In **'NGOs on a journey from commitment to results'** Carsten Beck points out a conundrum facing NGOs: Their numbers have flourished and they have grown in size and recognition over the past two centuries, yet their impact and power remains somewhat limited. Further, advocacy NGOs are increasingly challenged by digital activism that sets the agenda on social platforms and mobilise in organically emerging movements. As a result, cutting through the noise can be more difficult. How can NGOs embrace more results-oriented and future-proof strategies? Read our suggestions on page 44.

The media industry faces its own unique challenges in the push for organisations to do better. As Sofie Hvitved explains in **'We know we have more work to do'**, the media landscape and our media consumption increasingly function on the premise of algorithms, which often leads to monetisation beating ethics, transparency, and accountability. The illusion of the tech industry as a force for good in society has started to crumble, so how can media organisations break away from this wedlock? Read our thoughts on page 48.

In **'Fundraising in the age of compounded crises'**, Mathias Bjørnhof outlines how new tools and technologies have made it possible for fundraisers to both anticipate and prevent crises and to attract potential donors looking for more personalised engagements. How will this change the future of fundraising? Read more on page 52. The article is followed by an **interview with Jordi Passola**, Chief of Marketing and Strategy at UNHCR, about the role companies play in societal causes, today and tomorrow, as well as what the future holds for fundraising and the humanitarian sector at large.

Since the 1970s, the 'degrowth' movement has advocated the development of a more sustainable, global society based on economic, environmental, and social justice. In **'What if we never get to "degrowth"?'** on page 64, Timothy Shoup speculates what might happen if we go in a different direction: What if growth simply continues uninterrupted, as it has for the past couple centuries? To answer this question, he summons four famous thinkers with very different takes on the possible consequences, ranging from optimism to dystopia.

Many of the structures of the business world promote short-term thinking. However, CSR tends to be associated with long-term thinking. In **'A shift towards corporate longer-term thinking'**, Klaus Æ. Mogensen takes a look at some of the factors that support business longevity and how corporate long-term thinking and other factors could promote more CSR activities in the future. Learn more on page 72.

We hope you enjoy reading.

PART 1

CSR: Key questions for the future

Since the term ‘corporate social responsibility’ was coined in 1953, it has continuously evolved as a concept and a practice. Today, a strong CSR profile has become a necessity in many sectors, but there is still debate around what it means to be a responsible organisation today and in the future. Some questions are more relevant than ever in a time of accelerating commercialisation and growing corporate influence: Where do we draw the line between altruism and self-interest? Should start-ups be as responsible as conglomerates? Can ‘doing good’ also contribute to improving the bottom line? In this part, we provide our take on these and other important questions.

What does it mean to be a responsible organisation?

Corporate social responsibility is a loaded term. Based on who you are, your beliefs, political affiliations, economic status – the list goes on – this phrase has a different connotation. Proponents of CSR claim that companies must engage in CSR to survive and prosper in a world where their behaviour is under a microscope, while another perspective argues that CSR is simply a tool to mask self-interest.

In today's day and age, where the customer response is instantaneous, where social media is an incredibly important tool – some might even say a weapon – what does CSR really mean, and is it relevant? The evolution of the phrase 'consumers vote with their wallets' to 'consumers vote with their # (hashtag)' suggests that it plays a key role, regardless of how it is perceived.

How did CSR emerge and evolve over the decades, and is it something we need to consider in the future? Do companies owe a responsibility to society? This is undoubtedly a contentious debate with multiple viewpoints and innumerable points of departure. In this crowded space, the purpose of this report is not to convince the reader about the relevance of CSR today and in the future, but to instil questions, raise doubts, encourage dialogue, and explore whose responsibility it is to be responsible. Such a discussion naturally needs to consider the historical development of CSR and how it has been continually evolving over the last four decades as both a concept and practice. Below, we provide a brief historical overview of CSR from the Post-War era until today.

HOW THE '70S SHAPED CSR

The period after World War II during the 1950s was a time where changing attitudes gave rise to the discussion of CSR. In the late 1800s and early 1900s, the creation of welfare schemes took a paternalistic approach aimed at protecting and retaining employees and even improving their quality of life. In 1875, US department store Macy's contributed funds to an orphanage, and by 1887, labelled their charity donations as 'miscellaneous expenses'. In the '50s, people began recognising the immense power corporations possessed and that their actions had a tangible impact on society.[1] As a result, corporate decision-making began to include the considerations of the impact of industry.[2] The 1960s were marked by social upheaval: a growing protest culture that revolved around civil rights and anti-war protests emerged. These protests put pressure on companies that represented 'the establishment'.

The 1970s built upon the momentum and has been, thus far, the most significant decade for the development of CSR. Issues such as the environment, human and labour rights, and pollution were the key issues of the 1970s. The social contract between business and society was evolving and broadening, and the private sector was expected to embrace a growing number of societal issues. It was in the 1970s that CSR truly began to take flight in the United States. In 1971, the concept of the 'soci-

1 Agudela, A. et al.: "A review of the history and evolution of corporate social responsibility". bit.ly/2FpfXyc.

2 Caroll, A.: "Corporate social responsibility: Evolution of a definitional construct". bit.ly/3gYVLB3

3 Abe, M.: bit.ly/31OYFC1.

4 Thomas Insights: bit.ly/30Si5H0.

5 Jankalova, M. & Jankal, R.: "The assessment of corporate social responsibility: approaches analysis". bit.ly/2Y0DCeW.

6 Waterhouse, B.: "The personal, the political and the profitable". bit.ly/31P89NL

7 Ibid.

al contract' between business and society was introduced by the Committee for Economic Development (CED).[3] This contract brought forward the idea that companies function and exist because of public consent and, therefore, there is an obligation to contribute to the needs of society.[4] The CED outlined a three-tiered model of CSR:[5]

The inner circle: the basic responsibilities an organisation has for creating profit and growth;

The intermediate circle: an organisation must be sensitive to the changing social contract that exists between business and society when it pursues its economic interests; and

The outer circle: the responsibilities and activities an organisation needs to pursue towards actively improving the social environment e.g. poverty or urban crowding issues.

ANTI-BUSINESS SENTIMENT AND GROWTH OF CORPORATE INFLUENCE

On April 28, 1970, thousands of anti-war activists descended upon the annual shareholder meeting of the Honeywell Corporation, an energy-oriented conglomerate that manufactured, among others, cluster bombs and other weapons for the Pentagon. Facing jeers and accusations from the furious crowd, Honeywell's president adjourned the meeting after 14 minutes.[6] Firms such as Dow Chemical Company, producer of napalm, also confronted angry protesters. Anti-war protesters even targeted corporations, such as banks, that lacked any explicit connection to Vietnam but represented the entire system that put profit before people.[7]

While the protestors' contempt for capitalist imperialism (especially in the US) may not have a direct link with CSR, it is a prime example of mob mentality and escalation of sentiments. It highlights a crucial element of responsibility: who is an organisation responsible for and towards? Furthering the Honeywell example, supplying weapons to the Pentagon supports the bottom line, positively impacts employees, their families, and in turn, society. On the other hand, the Honeywell-Pentagon relationship (i.e. support for the war) is harmful to the populations of Southeast Asia who were suffering during the war and American soldiers who were dying and getting injured during combat. Was Honeywell's behaviour irresponsible? It can be argued that rejecting the Pentagon deal would directly and negatively affect the bottom line, and these effects would trickle down further into the organisation. Were executives at Honeywell justified in choosing this partnership where the benefits for the organisation and employees were tangible? Is responsibility towards one group at the expense of another justified?

In response to this growing social activism against corporates, executives recognised the real threats to their political power, social standing, and economic success. To combat the 'anti-business' sentiments and politics, businesses increasingly began to play a larger role in national affairs and deliberately bolstered lobbying efforts.[8] Funding political campaigns and direct and focused lobbying by American companies dramatically increased in the 1970s. This response against activists has shaped modern American corporate behaviour and has a lingering and profound impact.

CSR IS HERE TO STAY: The '90s, Nike, and the role of consumers

The '80s and '90s brought a growing sense of awareness with respect to the impact of corporate behaviour. This represented a change in the understanding of CSR, and as a result, international organisations and companies saw CSR as a way to balance the challenges and opportunities of the time, and its institutionalisation began spreading globally.[9]

The '90s were an era with unprecedented economic growth, and globalisation was in full swing. The decade saw the end of the Cold War and subsequent opening of Eastern European markets, India loosening its economic policy allowing foreign firms to enter the market, free trade agreements like NAFTA coming into place, and modernising economies of Asia, Africa, and Latin America.[10] This led to the world becoming more interconnected, essetially turning it into one big marketplace. Western multinationals gained access to previously untapped markets, and large profits loomed on the horizon.

For global corporations, the sudden access to new markets and cheap labour also added complexity. Conflicting demands and expectations from home and host countries and navigating labour laws in multiple countries saw a rise in companies operating in the grey. The triple bottom line concept became popular in the late 1990s as a practical approach to sustainability, proposing that corporations need to have socially and environmentally responsible behaviour that can be positively balanced with its economic goals.[11]

In the 1990s, Nike was accused of systematic, abusive labour practices, such as low wages and using sweatshops. The company's reputation took a hit when it became the target for widespread negative press coverage and protests. Publications including Rolling Stone, The Economist, The Boston Globe, and The New York Times released 'sweatshop' reports, implicating Nike. Three years later, anti-Nike rallies were taking place in over 10 countries. By 1998, Nike was facing falling stock prices and weak sales. Nike's chairman and chief executive, Philip H. Knight, acknowledged: 'The Nike product has become synonymous with slave wages, forced overtime, and arbitrary abuse. I truly believe that the American consumer does not want to buy products made in abusive conditions'.[12]

Today, Nike is often touted as an example of how a corporation can turn a CSR nightmare around. Through a series of strategic, well-timed ads supporting causes such as gender equa-

8 Ibid.

9 Agudela, A. et al.: "A review of the history and evolution of corporate social responsibility". bit.ly/2FpfXyc.

10 Krugman, P.: "What economists (including me) got wrong about globalization". bloom.bg/3iScpDd.

11 Agudela, A. et al.: "A review of the history and evolution of corporate social responsibility". bit.ly/2FpfXyc.

12 Texin, L.: "Corporate responsibility scandals: What's the damage?" bit.ly/33YbLzv.

"In the 1990s, Nike was accused of systematic, abusive labour practices . . . Today, Nike is often touted as an example of how a corporation can turn a CSR nightmare around. Through a series of strategic, well-timed ads supporting causes such as gender equality, women's empowerment, support for gay rights, and speaking against police brutality, Nike has found a way to remain front and centre in our minds and gain customer support and loyalty. Yet, the company still faces criticism for its labour practices. In 2016, 28 garment workers fainted at a Nike factory."

FOTO:CHRISTABELLE

lity, women's empowerment, support for gay rights, and speaking against police brutality, Nike has found a way to remain front and centre in our minds and gain customer support and loyalty. Yet, the company still faces criticism for its labour practices. In 2016, 28 garment workers fainted at a Nike factory. Factory workers fainting is a serious problem stemming from poor ventilation and the inhalation of chemicals and gruelling work environments. In response to an investigation by the Guardian and Danish investigative journalism group Danwatch, Nike commented: 'We take the issue of fainting seriously, as it can be both a social response and an indication of issues. Therefore, we've continued to review the incident from February 2016 to more deeply understand the factory's adherence to the Nike Code of Conduct and Code Leadership Standards'.[13]

The factories under scrutiny are not Nike-owned, but are run by sub-contractors. A similar practise is utilised by clothing producers such as H&M. Therefore, these organisations are not directly responsible for the workplace conditions in the factories but are nevertheless benefiting from a lower standard of regulation and labour laws in certain countries. When it comes to criticism of factory working conditions, Nike is a low hanging fruit; but, the investigation also included other global retail organisations using similar business practices such as Puma, Asics, Bestseller, and VF which owns Vans and North Face.

The latest empowering commercial from Nike – 'You can't stop us' – amassed over 52 million views on YouTube in just two weeks.[14] For many, Nike stands for the empowerment of girls, supporting sport, free expression, and inclusivity. Since 2015, Nike has been publically supporting Egyptian hijab-wearing athlete Manal Rostom and has since featured her in a number of commercials.[15] In a time where representation matters and is at the forefront of many conversations, seeing a hijab-wearing athlete is going to inspire many girls around the world to achieve their dreams. But it is quickly becoming a tricky conversation – does the empowerment of young girls who need a visible role model matter more than the workplace conditions of Nike's factory workers?

THE FRIEDMAN PERSPECTIVE

The Nobel prize winning economist Milton Friedman has argued that businesses do not have responsibilities, only people do.[16] According to Friedman, in a free-enterprise system, the responsibility of a business is 'to make as much money as possible while conforming to the basic rules of the society'. Social responsibilities, he believes, pertain to individuals and not businesses. Friedman provides an example: Should a manager refrain from increasing the price of a product in order to achieve the social objective of preventing inflation, even though such a price increase would be in the best interests of the corporation? The difficulty of exercising 'social responsibility' illustrates the virtue of private competitive enterprises and forces people to be responsible for their own actions and makes it difficult to exploit people for either selfish or unselfish purposes.

In a recent picture, the CEO of JPMorgan Chase, Jamie Dimon, is seen alongside a rainbow platoon of rank-and-file workers at one of his company's

13 Danwatch – undersøgende journalistik; bit.ly/3kld9fN.

14 YouTube, bit.ly/3gRkJIT.

15 Chadderton, N.: "This Egyptian athlete continues to inspire as the face of Nike's new dream crazier campaign". bit.ly/2CrOVFb.

16 Friedman, M.: "The social responsibility of business is to increase its projects". bit.ly/31PBA2i .

bank branches, kneeling in what appears to be a gesture of racial solidarity. But critics soon pointed out that less than two years ago, JPMorgan coughed up $24 million to six current and former Black employees who alleged discrimination, 'uniform and national in scope'. The plaintiffs alleged that the company assigned Black financial advisors to poorer, understaffed bank branches and failed to include them in lucrative programs aimed at cultivating wealthy clients. Further, only 4 percent of the bank's nearly 3,000 top-level execs are Black and only one of JPMorgan's 10 directors is a person of colour.[17]

Friedman creates an essential distinction between organisations and individuals. Responsibility pertains to individuals, not organisations. However, we live in a time where much of our life, our choices, and our affiliations are public. Employees have a voice and access to a global megaphone. Therefore, continuing Friedman's argument, while businesses may not have responsibilities, the people who drive businesses have responsibilities and can no longer hide behind a smoke screen. When the CEO of JPMorgan Chase is seen kneeling, it is no longer seen as one person's choice, but rather represents an organisation, a system that makes a series of choices. Therefore, Dimon may kneel as he wants, but critics and consumers can and will delve deep into the consistency of his actions.

17 Benjamin, R. Op-Ed: "U.S. corporations are 'virtue signalling' like crazy on race. But actions speak louder than words". lat.ms/3fSZfE1.

AN ATTEMPTED CONCLUSION

There is no easy resolution to this debate, but then again, that was not the intention.

CSR often runs into the same challenge as the green movement – consumers vote with their wallets. But is financial gain the ultimate goal for businesses? Well, a business must make economic sense to exist, so yes. The best intentions cannot make an organisation successful; responsibility needs to be accompanied with economic sense.

CSR can create new areas of opportunity, in turn resulting in innovative offerings and solutions.[18] If a business increases profits, enjoys increased customer loyalty, and attracts new customers in their pursuit of CSR, i.e. simultaneously engaging in 'responsible' behaviour and driving sales, is that a win-win? Is the goal increased sales through CSR? This brings us back to the motive – do companies engage in CSR because of truly altruistic intentions or to boost sales in this environment of high visibility? Do consumers care about the motive or the result?

18 Husted, B. & Allen, D.: Strategic corporate responsibility and value creation". bit.ly/340yM58.

Perhaps the tricky aspect of CSR is balancing the ecosystem – how big is your ecosystem, and which communities does your business affect? Does your organisational ecosystem extend to your family, society, community, nation? And should the size of this ecosystem be relative to your size, power, and reach? Should a small start-up be equally responsible as a global conglomerate?

In the '70s, the term 'neighbourliness' was used to explain CSR.[19] Think of CSR as good neighbourliness – this means not doing things that spoil the neighbourhood and the voluntary assumption to help solve problems that affect the whole neighbourhood. Add to this concept of neighbourliness the infinite complexity and interconnectedness of technology and social media. ■

19 Eilbirt, H & Parker, R.: "The practise of business: The current status of corporate social responsibility". bit.ly/3appkt2.

Corporate social responsibility

FROM NICHE TO NECESSITY – A BRIEF TIMELINE

As the wealth and influence of corporations has grown since the industrial age, so too have calls for businesses to engage in societal causes and contribute to positive change. Today, integrating CSR in business practices has become a license to operate for most companies and organisations, but it hasn't always been that way. This timeline details some of the highlights in this development.

Sources

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Staff Writer: "A Brief History of Corporate Social Responsibility (CSR)", thomasnet.com.

UN: "Business and the SDGs", sdg-accelerator.org.

ACCP: "Corporate Social Responsibility: A Brief History", accprof.org.

late 1800s

In the US, industrialists such as Andrew Carnegie and John D. Rockefeller donate large portions of their wealtah to educational, scientific, religious, and scientific causes, signalling the rise of corporate philanthropy.

1995

Facing a consumer boycott, Shell abandons its plans to sink its North Sea oil storage platform. The decision is made after Greenpeace organises a high-profile media campaign against Shell, occupying the platform for more than three weeks. While the overestimation of the amount of pollutants contained on the platform damages the credibility of Greenpeace, the affair shows the strength that public opinion can have in affecting corporate decision-making.

2000s

CSR has become an integrated part of the strategy of many organisations, with global corporations such as Coca-Cola, Disney and Pfizer incorporating CSR into their business processes.

‘Corporate social responsibility’ is coined by Howard Bowen, and American economist. Bowen advocates for business ethics and responsiveness to societal causes, recognising that corporations have become immensely powerful social actors.

1953

The seminal report *Limits to Growth* is published. Based on a computer simulation developed by MIT researchers, the report concludes that resource limitations will not support indefinite economic growth. The report is responsible for increasing awareness of the need for long-term solutions driven by sustainability practises.

1972

1971

In the US, the Committee for Economic Development states that ‘business functions by public consent, and its basic purpose is to serve constructively the needs of society – to the satisfaction of society’.

1980s

The rise of ‘strategic philanthropy’, meaning corporate philanthropic initiatives designed to increased exposure, lead generation, employee retention, and increases in performance and productivity (rather than being solely altruistic).

2015

Publication of articles of CSR peaks. During the same year, the UN launches its Sustainable Development Goals, stating that the private sector ‘has a critical role to play in advancing the global development agenda’.

2020 & beyond

With the ongoing crises of climate change and the COVID-19 pandemic as well as the worldwide movements for social justice, the public demand for companies to contribute to positive change is arguably greater than ever. Are companies and organisations doing enough – or will they have to do more (and do better) in the future?

CSR: Does it work?

Despite having been temporarily overshadowed by the global COVID-19 crisis, climate change mitigation and calls for social change remain high on the public agenda. CO_2 emissions declined during the global lockdown while stories about rapidly declining pollution in megacities and animals entering lockdown-emptied urban spaces took central pages on news bulletins. The lower emission levels seem to be a short-term development, as we are already returning to the pre-COVID-19 emissions trajectory.[1] Nevertheless, the economic crisis sparked by the COVID-19 pandemic has been met with calls for a green reboot of the global economic system, including calls for legislation to promote more sustainable business models that reduce negative environmental and social footprints. Meanwhile, the call for social change has been reinforced by the Black Lives Matter movement spreading from the internet to the streets, first in the US and since, around the world. Yet, the continued push for social change, fuelled by the internet, appears to have a far more long-lasting impact. Every action (and inaction) is being closely scrutinised to reduce opacity in business activities. Organisations can no longer hide in the crowd but need to be proactive and stand out in the open.

The 'sustainability imperative' is a key trend shaping our future. In short, the sustainability imperative concerns how environmental and social sustainability is becoming a necessity for business on the same level as economic sustainability (and often a key foundation for creating exactly that). This development is largely based on increasingly value-driven citizen-consumers placing more focus on transparency, accountability, and the positive impact of the products and services they buy. While intentions do not always lead to action, the intention definitely exists and organisations do feel the pressure of becoming more sustainable. However, corporations are also faced with difficulties and dilemmas to meet these demands: How to measure CSR's impact on the bottom line and society? And does it work?

PRIMARY INTENTIONS AND MOTIVATIONS FOR DOING CSR

One dilemma for corporations is that consumers often point to big corporations and demand a change in their way of doing business. When businesses then actually succumb to the pressure, consumers do not always want to pay the added cost. The dilemma for companies is that CSR can easily just be another expression of a loser's deal. If cost cannot be recovered in the market, companies must cover the cost themselves, which can destroy margins and Total Shareholder Return (TSR) for publicly traded corporations. In the long run, reducing TSR will not be tolerated by the owners of the company – the shareholders. Management can end up being replaced lest the company be outcompeted by less CSR-focused and more margin-focused companies. In the end, this can offset some of the positive results created by the CSR initiatives. But it does not have to be this way.

1 UN News: "Fall in COVID-linked carbon emissions won't halt climate change - UN weather agency chief". bit.ly/33zNQ9p.


GLOBAL ORGANIC TEXTILE STANDARD
· GOTS ·
'organic'
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There are at least three ways in which CSR can contribute to improving performance, create growth, and align an organisation's social and environmental activities with its values and overall purpose.[2]

RISKS ↓ CSR can be a risk mitigation tool to serve as a defence against consumer backlash. By ensuring compliance, building in auditing processes, and maintaining high standards, a company can protect itself against misconduct.

REPUTATION ↑ A good, sustainability-focused reputation can help the company reach new customers and avoid boycotts. However, as mentioned in another article ("Washing and hushing: When practice and communication do not align", page 28, companies with a strong CSR profile paradoxically may be particularly exposed to bad publicity as well. Also, organisations join initiatives such as sustainability certifications or networks, where new partnerships can be forged and legitimacy in the public eye can be gained.

RESULTS ? With the help of CSR, companies can find new ways of doing business, optimise production and supply chains, and recover costs through greater efficiency. Examples include the environmental benefits of energy savings recovering the cost of installing energy-saving technologies many times over, the use of recycled materials, and the social aspects of improving conditions for workers, which can boost employee morale and attract and retain talent. Acting responsibly can also be a beneficial innovation challenge, where, for example, using circular economy concepts can lead to the reimagination of products and services. However, the million-dollar question is whether CSR actually provides positive net results.

Risks – Protection against boycotts and misconduct

One of the greatest risks to companies not practicing CSR or not living up to claimed actions is consumer boycotts. Boycotts of businesses may sound like a new practice, but it took place as early as 1791, where the Quaker-led free-produce movement, an international boycott of slave-produced goods, protested against 'slave sugar' (slave-produced sugar).[3] Following the British Parliament's refusal to abolish slavery, a boycott was launched targeting Britain's largest slave-produced sugar importers, which led to a steep decline in the sales of slave sugar of up to 50 percent.[4] Meanwhile, sales of slave-free sugar from the West Indies increased by tenfold in only two years. As with today's boycotts, consumers back then understood that it was the demand for rum, cotton, tobacco, coffee, and sugar that kept the slave trade going, and that change could happen by affecting demand. Naturally, there was opposition as well since the abolishment of slavery caused prices to increase substantially. According to the Walk Free Foundation, 40 million people lived in modern slavery in 2016.[5] Many of the principles of achieving social change by way of boycott are the same today as it was in 1791. It involves raising moral indignation against an unjust circumstance and applying a boycott to pressure a company's or a group of companies' reputations in order to force a change, eventually, on their bottom line.

2 Kasturi Rangan, Lisa Chase, and Sohel Karim: "The Truth About CSR". Harvard Business Review. h bit.ly/3krdFyJ.

3 Willy Blackmore: "The Boycott's Abolitionist Roots". The Nation. bit.ly/2XKeOYi.

4 Clare Carlile: "History of Successful Boycotts". Ethical Consumer. bit.ly/2DsBdm9.

5 Walk Free Foundation: "2018 Global Slavery Index". bit.ly/2PCTzD8.

CSR done right can be an effective method to avoid boycotts, although boisterous statements of good societal behaviour can also backfire when misconduct is found (see "Washing and hushing: When practice and communication do not align", page 28 for examples). Furthermore, CSR initiatives can bolster processes and through internal auditing, issues can be flagged before they reach the public eye. Sometimes new regulation arises from measures such as sustainability certifications or other voluntary commitments. Therefore, a strong focus on CSR can prepare companies for potential future regulation and allow them to shift direction in due time, while knowledge sharing is also prevalent in these networks, such as the national Global Compact Networks.[6]

An example of this comes from Ferrero's Nutella. In 2015, the French environmental minister urged the public to stop eating the hazelnut-cocoa spread, claiming its production was destroying the environment. In fact, Nutella uses 100 percent sustainably sourced palm oil and is committed to no deforestation, which saved the company from a public and political firestorm and prompted an apology from the French minister.[7] By complying with the sustainability palm oil certification RSPO, Nutella mitigated potential risks.

Reputation – Boosting brand perception through financial performance

When a boycott campaign is accompanied by a social media firestorm (also known as a 'shitstorm'), it can have profound negative impacts on the public perception of a brand, both in the short term and in the long term. Hansen, Kupfer, and Hennig-Thurau found that across 78 firestorm cases examined, 58.3 percent suffer from a decrease in short-term brand perceptions, and 40 percent face long-term negative effects. In fact, 24 percent of consumers remember the respective firestorm two years after the occurrence.[8] The power of the consumers' wallets matter and brand perception affects how the consumers' money is spent. An international study by Unilever showed that a third of consumers prefer sustainable brands based on perception of good social or environmental behaviour. The vital difference between this survey and many other surveys asking consumers the same was that Unilever then mapped these claims against actual purchases. The result showed a lower degree of 'sustainable brand' purchases than claimed, but still as high as 30 percent.[9] Meanwhile, an overall conclusion from RepTrak's 2020 edition of their *Global Trends in Reputation* report is that consumers want brands to be authentic, well-behaved, and to take a stand. Their findings showed that corporate reputation can be a driver for competitive advantage and brand differentiation for global consumers when they decide where to spend their money.[10]

In a study from 2004, Rose and Thomsen investigated the relationship between a firm's financial performance and its reputation, finding that corporate reputation does not impact firm value besides being vital for the firm's long-term survival. Rather, corporate financial performance serves to improve corporate reputation.[11] Therefore, an important thing to note when discussing CSR and reputation is the question of causality related to CSR,

6 UN Global Compact: "A local lens for global change". bit.ly/2DxFKDN.

7 Stephanie Kirchgaessner: "Nutella spat: French minister says sorry over call to stop eating spread". The Guardian. bit.ly/2XNdTq6.

8 Nele Hansen, Ann-Kristin Kupfer, and Thorsten Hennig-Thurau: "Brand crises in the digital age: The short- and long-term effects of social media firestorms on consumers and brands". International Journal of Research in Marketing (2018). doi.org/10.1016/j.ijresmar.2018.08.001.

9 Unilever: "Report shows a third of consumers prefer sustainable brands". bit.ly/2FafJeb.

10 The RepTrak Company: "2020 Global RepTrak". bit.ly/3irCfh4.

11 Caspar Rose, Steen Thomsen: "The Impact of Corporate Reputation on Performance: Some Danish Evidence". Pergamon. doi:10.1016/j.emj.2004.01.012.

reputation, and performance. Through being successful, a well-performing organisation might have more leeway for investing in CSR initiatives. Thereby, an improved reputation could originate from the good financial performance and not due to CSR. Another critical element is that sometimes organisational actions end up offsetting each other, for instance when good behaviour is offset by harmful behaviour. This is known as 'moral self-licensing' and concerns how, for example, social initiatives sponsored by a company can lead to unethical employee performances later.[12] As a form of 'pre-emptive indulgence', a good deed is paid forward for sins to be committed later, which is not ideal when dealing with CSR.

"As an ideal to strive for, TBL holds plenty of promise for the future… However, a key challenge of putting TBL into practice is still how to measure the social and environmental or ecological categories and the impact of those related to the financial bottom line."

Results - Measuring CSR's impact on the bottom line and society

So how does risk mitigation and a positive reputation translate into results? We are seeing an increasing trend towards sustainable investing, where concerns about sustainability are translating into action – what Eccles and Klimenko dubbed 'The Investor Revolution'.[13] Quality of the board, cybersecurity, climate risks, and other key factors are increasingly being catalysed into an integrative approach, where the factors are analysed for how they impact financial value positively or negatively. Even with an increasing focus on sustainability in society, we are still seeing socially irresponsible or so-called 'sin stock' investments in vice industries seeing experience returns. The Vitium Global Fund (formerly Vice Fund) invests in industries ranging from alcohol and tobacco to casinos and defence equipment manufacturers, usually seeking divided-paying stocks.

In recent decades, the triple bottom line (TBL) accounting framework has gained prominence as a way to measure organisational performance in a broader perspective. Standing on the shoulders of full cost accounting, the basic idea is to perform a full societal cost-benefit analysis instead of strictly considering 'profit' and 'loss'. A corporation might be able to maintain a profit, but if their tankers leak oil into oceans and destroy natural habitats and people's livelihoods, there is something more at stake. Also referred to as 'People, Planet, and Profit', TBL is about assessing not only the direct financial performance (profit) but instead to create greater business value through including a social (people) and an environmental / ecological (planet) metrics to more fully evaluate the organisation's performance.[14] A key difference from traditional accounting frameworks and a reason why it can be tricky for all organisations to turn to TBL is the fact that inherent in TBL is a demand that the organisation's responsibility lies with the broad notion of stakeholders instead of shareholders. For instance, as a publicly traded company, it can be challenging to divert from maximising shareholder value, most famously promoted by General Electric CEO Jack Welch to be the key and sometimes sole reason for a company's

12 Alina Dizik: "Why corporate social responsibility can backfire". Chicago Booth Review. bit.ly/3018lth.

13 Robert Eccles and Svetlana Klimenko: "The Investor Revolution". Harvard Business Review. bit.ly/2DGc2MN.

14 Timothy Slaper and Tanya Hall: "The Triple Bottom Line: What Is It and How Does It Work?". Indiana Business Review (2011).

existence. Stakeholders encompass a broader base of actors, consisting of anyone who is either directly or indirectly influenced by the actions of an organisation.

As an ideal to strive for, TBL holds plenty of promise for the future, where pure financial performance not accounting for increasing externalities could increase risks in the financial market – especially considering the trend towards sustainable investing. However, a key challenge of putting TBL into practice is still how to measure the social and environmental or ecological categories and the impact of those related to the financial bottom line. How much weight should each carry, and how do you measure the protection of a native tribe's land versus conversion to solar energy versus increased sales? Despite this conundrum, applying the TBL framework can enable organisations to move towards a more long-term-oriented approach and perspective, thereby making it possible to better evaluate the future consequences of today's decisions. In other words, the goal is to internalise externalities into an accounting framework to assess the true outcomes of current performance more reliably.

CONCLUSION

If the SDGs and future global sustainability initiatives are to be achieved, organisations need to intensify their focus on CSR and contribute to improving the societies around them, committing to what Porter and Kramer referred to as creating 'shared value'.[15] There is no way around it. If the goals set forth in the Paris Agreement are to be reached, governmental action is not enough. We need to see a great deal of organisations undergo radical business transformations that go beyond and above the traditional understanding of CSR. Regulators need to push for change, but still responsibility is going to fall on citizen-consumers and organisations to strive for reaching these goals. Herein lies a problem. Despite the fact that we are seeing more and more consumers demanding brands to be sustainable, across industries, we have also been witnessing the escalation of 'winner-takes-all' markets. Starting in the last 50 years and accelerating in the age of the internet, the winner-takes-all refers to the phenomenon of a tremendous consolidation of businesses. In many industries, there are now only one or two dominant players, maintaining near monopoly-like market power. This does not bode well for consumers' ability to push for change, since boycotts and thereby buying substitute products is rendered ineffective or even impossible. This development falls back on governments and their ability to break up markets through regulation, a difficult thing to do in a world with multinational corporations. We saw a clear example in July 2020, when the heads of tech giants Google, Amazon, Facebook, and Apple stood in front of Congress for a hearing on antitrust, monopoly, and political bias, among other things.

The idea of CSR needs to evolve. We all have a stake in the world we live in and the sum of the parts is a result of how we live and the decisions we make. The questions need to change from whether CSR works on an individual company level in terms of profit and instead, whether it works for the planet and people and the global eco-

15 Michael E. Porter and Mark R. Kramer: "Creating Shared Value". Harvard Business Review bit.ly/3kEWOsi.

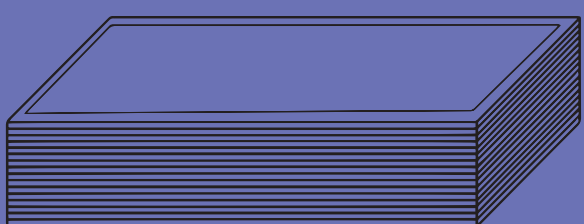
system. Consumers, at least in some parts of the world, seem to be increasingly willing to put their money where their mouth is and buy sustainable. Simultaneously, measuring CSR could change in the future – we could experience increased transparency and accountability through Distributed Ledger Technologies and new generations of demanding stakeholders. Also, better tools to evaluate CSR are easily imaginable as big data analytics, sensors, and AI develop. But this is just one part of the puzzle. Recently, calls for a renewal of TBL has been suggested, for example by replacing Profit with Prosperity, shifting the focus towards economic impact while raising the question of whether profit is a legitimate goal at all.[16] Economic impact covers a broader scope of creating employment and innovation and paying taxes. While profit is necessary to keep organisations alive for the long term, it should be considered a means and not an end goal. This change could bring us closer to the core of the framework – maximising the positive impacts and minimising the negative impacts.

The outcome of CSR is based on what is deemed desirable. It can help mitigate risks and improve reputations when done right, while mishaps can lead to boycotts and firestorms. In terms of improving results, the intentions behind CSR have a big impact on how to evaluate the outcome. If the goal is to improve society and create better conditions for People, Planet, and Prosperity, the TBL can be used and create a competitive advantage. If financial performance is the only goal, CSR can be considered a matter of compliance and a license to operate. ■

16 Jeroen Kraaijebrink: "What the 3Ps Of The Triple Bottom Line Really Mean". Forbes. bit.ly/31ASaCR.

PART 2

Minefields in the intersection between activism and capitalism



Appearing environmentally or socially progressive has become an imperative for many companies and organisations. Stick your head out too far, though, and you may face public backlash and criticism for not doing enough or for trying to boost your reputation through empty gestures. In this part, we examine the fusion of business and activism and the emergence of 'woke capitalism'. We also look into some of the pitfalls of 'washing', covering organisations' attempts to capitalise on popular causes (without doing much to further the cause), as well as 'hushing', which means keeping quiet about legitimate efforts to 'do good' in order to avoid the spotlight of public scrutiny.

Washing and hushing: When practice and communication do not align

With the growing awareness of responsible ways of conducting business, environmentally, socially, and ethically fair practices are increasingly being considered licenses to operate. Appearing environmentally or socially progressive has become an imperative for many companies and organisations as consumer demands and expectations for their ability and commitment to do good (whatever this may mean in any given context) increases. Sometimes, however, companies or organisations get ahead of themselves in their efforts to appear in support of progressive societal causes, which can lead to scrutiny and public backlash if this support does not manifest in demonstrable and sustained action.

In this article, we take a closer look at different kinds of *washing*, covering inadequate organisational efforts in following through on their tated commitment to societal causes, as well as *hushing*, which conversely concerns keeping quiet about efforts for social good in order to avoid the spotlight of public scrutiny. As studies have shown (more on this later), the growth in washing can have detrimental effects on initiatives with an honest aim to make a difference by lowering consumer trust in CSR initiatives in general. As such, the dangers of washing go beyond the damage done to an individual brand's image – it can hamper public trust in *all* brands' ability and sincerity in *doing good* in general.

HOW WASHING GAINED ITS COLOURS

The original kind of washing, 'whitewashing', originated as a term in the late 1500s, but its meaning has evolved over the centuries from being literal – describing the procedure of washing a surface with a white liquid – to being used figuratively as early as the 1700s: *'to cover up, conceal' or 'give a false appearance of cleanness'*.[1]

Today, the term is most often used to call out attempts by organisations, governments, companies, or individuals to conceal or mischaracterise actions that are criticisable or morally reprehensible (or downright criminal). While the term has also recently been used in a racial context, particularly in Hollywood, to denounce the practice of casting white film actors in the role of non-white characters, this kind of whitewashing is beyond the scope of our current discussion. In the context of this report, we are concerned with how organisations and institutions make themselves guilty of expressing support for a progressive cause while not living up to their ideals or, what's worse, by co-unteracting them through other actions.

Since the late 20th century, whitewashing has been joined by a growing number of 'spin-offs' – other kinds of washing – which, taken together, constitute a minefield for companies, organisations, and individuals trying to navigate the tricky landscape of corporate social and environmental progressivism.

1 etymonline.com/word/whitewash Dictionary: Whitewash (v), bit.ly/2WRMltQ

PHOTO: SNAPPY GOAT

COMPOUNDS OF WASHING

Since the use of whitewashing as a metaphor has grown and spread, a variety of colour-coded compounds have emerged to supplement it. The most famous variety is undoubtedly *greenwashing*, which we will get to later, but it is far from the only one. Another important variety is *pinkwashing*. The term relates to the iconic pink ribbon, an international symbol of breast cancer awareness and was originally coined in the early 1990s by Breast Cancer Action. The term is used to identify organisations that publicly announce their support for the fight against breast cancer while at the same time relying on business practices that worsen the problem – sometimes directly causing a growth in incidents of the fatal disease through the products they produce and sell (for example, water bottles with a pink ribbon printed on the label which contain chemicals linked to breast cancer).[2]

In the context of the LGBTQIA+ movement, the term pinkwashing is now also broadly used to describe a variety of 'rainbow-related' marketing and political strategies aimed at promoting an appeal to queer friendliness in the hopes of being perceived as modern, tolerant, and progressive. As an example, Marriott International, Delta Airlines, UnitedHealth Group, Morgan Stanley, and Bank of America, who have all publicly supported LGBTQIA+ related causes, recently sponsored or co-hosted an event honouring the Brazilian President Jair Bolsonaro, who self-identifies as a proud homophobe. Understandably, these inconsistencies led to a public backlash questioning the corporations' earnestness in their support for queer rights, which made several of them withdraw their support for the event.[3]

Another related term, *purplewashing*, was coined by the Spanish writer and activist Brigitte Vasallo.[4] Purplewashing is linked to the support of feminist causes, for example through political and marketing strategies aimed at promoting an appeal to gender equality. This marketing tactic made Gillette Razor's #MeToo commercial the centre of a heated debate in 2019. The ad, which aimed to take a stand against the sexual harassment and catcalling of women, led to questions surrounding the earnestness of Gillette's marketing. Did the company rightly stand up for an important cause, or was it merely using gender shaming in an attempt to capitalise on the waves of gender equality awareness that followed the #MeToo movement?[5]

Another compound is *redwashing*, used when companies or organisations attempt to appear progressive with regards to social equality and justice, while using this perception to conceal actions that work against these ideals. For example, Syncrude and Petro Canada are some of the largest Canadian employers of indigenous people, and both companies actively sponsor indigenous cultural institutions. At the same time, however, the practices of these companies have been shown to have an environmental impact with long-term injurious effects on indigenous land, rights, water, and health.[6]

And then there is *bluewashing*, which is used when organisations and companies form associations with various United Nations Agencies to appear to comply with core principles of human rights and environmental justice while

2 "Think before you pink", Breast Cancer Action, thinkbeforeyoupink.org

3 Ryan Ruggiero: "Event for Brazilian leader tests companies on LGBT rights", CNBC, cnb.cx/3huuc2i.

4 Isabel Muntané: "Feminist journalism: a radical, cross-cutting intervention", IDEES, bit.ly/3fW9jwF.

5 Tovia Smith: "Backlash Erupts After Gillette Launches A New #MeToo-Inspired Ad Campaign", NPR, n.pr/34JigqB.

6 Clayton Thomas-Müller: " We need to start calling out corporate 'redwashing'", CBC NEWS, bit.ly/2ZTjzjR.

having vague codes of conduct regarding these matters. Nestlé, for instance, has publicly claimed to adhere to principles of the UN Global Compact which encourages businesses worldwide to adopt sustainable and socially responsible policies and report on implementation. While doing this, the company has had lawsuits filed against it about the use of child labour in their supply-chain.[7]

Finally, we get to *greenwashing*, the most infamous compound of whitewashing, which involves inconsistency among companies' green claims and their actual performances. It has arguably become the most engaged-in kind of washing, which is understandable considering how quickly sustainability has climbed to the top of organisational agendas worldwide. However, the term has more humble beginnings. It was first used in 1986 by activist Jay Westerveld, who accused the hotel industry's request that guests reuse towels to be driven by the appeal of lower laundry rates rather than by high-minded ideals of saving the environment (as they otherwise claimed).[8]

A deeper look into greenwashing is warranted here. Today, greenwashing occurs when companies and organisations convey false or misleading impressions about how their services or products are environmentally sustainable in order to lead consumers and citizens into the belief that they are spending their money on something that is environmentally friendly. This includes products or services being presented as green, organic, or biodegradable with no proof being supplied to confirm the claim. This practice has become common in advertising and investment, and as a result, laws are being put into force across the EU to curb it.[9] Naturally, greenwashing (if uncovered) can seriously harm a company or brand's public image – but its potential destructive effects go beyond that.

THE BROADER DANGERS OF GREENWASHING

Greenwashing is used to nudge public opinion of a brand identity by maximising perceptions of legitimacy, like when McDonald's or Coca Cola swap their iconic red colours to green to appear more... green. While an individual instance of greenwashing may seem innocuous at best and harmful only to the brand doing the greenwashing at worst, a 2020 study published in Environmental Sciences Europe indicates that the effects of washing on consumer trust can be more severe. The study found that organisations trying to realise the advantages of green positioning without performing accordingly are expanding distrust amongst consumers towards CSR initiatives in general. It argues that 'green scepticism' has grown with greenwashing, and that genuine green claims suffer from greater suspicion since it is tricky for consumers to distinguish the trustworthiness in green marketing.

Adidas provides a great example of how and why this sometimes happens. Together with Parley for the Oceans, the apparel company launched a campaign in which they claimed to use recycled plastic from the sea in the production of their shoes. Further, Adidas vowed to only produce shoes from recycled plastic by 2024.[10] On the face of it, this constitutes a bold push for more sustainability throughout the company's value chain. Even though Adi-

7 Joe McCarthy: "What to Know About The Child Labor Lawsuit Against Nestlé", Global Citizen, bit.ly/30y1gzy.

8 Sebastião Vieira de Freitas Netto et. al.: "Concepts and forms of greenwashing: a systematic review", Environmental Sciences Europe, bit.ly/3eOruDa.

9 Francesco Guarascio: "EU agrees on new rules to counter investment 'greenwashing'", Reuters, reut.rs/2G1HyG2.

10 Olaf Storbeck: "Adidas vows to use only recycled plastics by 2024", Financial Times, ft.com/content/73ca70d8-84e1-11e8-96dd-fa-565ec55929.

das increased their production from 1 million shoes from recycled plastic in 2017 to 11 million in 2019, the company has, in the same period, sold 500 million shoes that were not made from recycled materials. Are they greenwashing or are they in a legitimate green transition? An investigation from the German channel ARD's programme RAPPORT MAINZ later showed that Adidas and Parley for the Oceans do not produce footwear from plastic swiped from the ocean itself, but from beaches and shores, preventing plastic from entering the ocean. In the ARD interview, Gilian Gerke, a German professor on ocean plastic, explains that the reason many companies are not making products from waste plastic in the oceans is that it is too costly to process.[11] Nevertheless, Adidas' marketing campaign has left consumers to believe that they are saving the oceans by buying shoes, which conversely has put Adidas in the spotlight and enjoying a positive branding boost. Was the Adidas campaign merely ambiguous or was it purposefully deceitful? Should we hold the company accountable for not matching actions with words, or should we acknowledge the good that they are doing to encourage other apparel companies to follow suit? Is Adidas harming consumer trust in other green CSR initiatives by engaging in unclear (at best) or untruthful (at worst) communication?

No doubt, the situation Adidas finds themselves in could have been avoided through honest communication. Sometimes, however, companies and organisations prefer to keep their sustainability efforts quiet, and a part of the reason is the fear of being called out for greenwashing. This phenomenon is known as *greenhushing* and it warrants a closer look.

GREENHUSHING – underreporting green initiatives

Greenhushing is a term used to describe when a company or organisation deliberately under-communicates its sustainability practices.[12] The term was coined in 2008 by the consulting firm Treehugger who claimed to frequently meet with clients that were timid about their sustainable initiatives. Often, the reasons given were that they were afraid that they were not doing enough – that their actions would be perceived to not match their words.

According to Dennis Schoeneborn, Professor of Organisation, Communication, and CSR at Copenhagen Business School, the main reasons for greenhushing are two-fold: First, extensive CSR communication can be costly, especially for SMEs that can often easily implement CSR initiatives in their less complex value chains but who may not have a CSR department in charge of CSR communication. Second, companies may choose to engage in greenhushing out of fear of drawing attention from critical activists, journalists, or academics.[13] Put differently, greenhushing can be a way to avoid accusations of greenwashing and an ensuing reputational crisis. Some companies frankly prefer to fly under the radar and not risk their reputations in a bold progressive marketing push that backfires.

So, should organisations underreport sustainability efforts and simply avert any CSR communication in public? The

11 ARD: "Greenwashing mit "Ocean Plastic", REPORT MAINZ, youtube.com/watch?v=kny_XT5EZvM.

12 Xavier Font et al.: "Greenhushing: the deliberate under communicating of sustainability practices by tourism businesses", Journal of Sustainable Tourism, bit.ly/32OqZ9Y.

13 Dennis Schoeneborn: "Enjoy the Silence? CSR Communication and the Phenomenon of 'Greenhushing'", The Business of Society, bos-cbscsr.dk/2017/10/02/csr-communication-greenhushing.

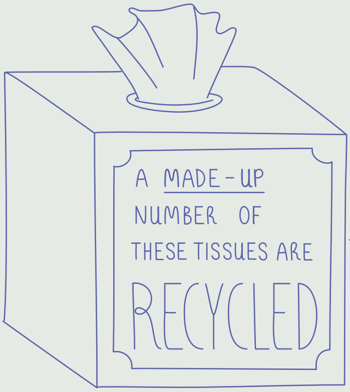
answer is no! In order for organisations to further advance their CSR practices, the voices of leading and committed organisations that spearhead green or other progressive practices are needed. As such, organisations will ideally be perceived as role models to inform and inspire others within and beyond their industry. Surely, there are also realised profits to be made on the back of supporting societal causes – and doing it with dedication – as committed and rightful CSR initiatives have positive impacts on reputation and consumer loyalty.[14] And while it should be a noble action not to claim a widespread 'green' marketing campaign for following basic ethics, standards, or regulations, consumers increasingly expect to see and hear about honest and positive intentions, contributions, and the complexities in green and sustainable transitions.

Granted, these things are hard to measure. Despite the near-universality of CSR as a corporate practice, a universal conceptual classification and official monitoring remains absent, possibly because sustainable practices have different meanings and attributes to different people and circumstances. Still, it is worth repeating that honest communication and transparency are key to avoiding the pitfalls of washing. If organisations announce their support for progressive causes only during Pride Month, Black History Month, or Earth Day, it is time for them to rethink their approach to a more permanent form of allyship and *walk the talk* in a sustained manner, not only in their CSR communication, but in their practices as well, as an essential commitment to protect the interests of current and future generations. ■

14 Graham Cole: "Increasing customer loyalty: the impact of corporate social responsibility and corporate image", Annals in Social Responsibility, bit.ly/3jkSI73.

ACTIVIST JAY WESTERVELD,
WHO COINED THE TERM 'GREENWASHING'
IN 1986

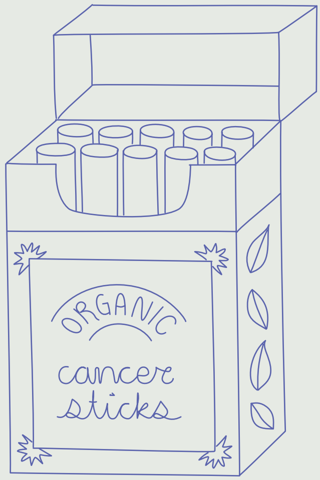
The seven sins of greenwashing



SIN OF NO PROOF
Committed by an environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification. Common examples are tissue products that claim various percentages of post-consumer recycled content without providing evidence.

SIN OF VAGUENESS
Committed by every claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer. "All-natural" is an example. Arsenic, uranium, mercury, and formaldehyde are all naturally occurring, and poisonous. "All natural" isn't necessarily "green".

SIN OF LESSER OF TWO EVILS
Committed by claims that may be true within the product category, but that risk distracting the consumer from the greater environmental impacts of the category as a whole. Organic cigarettes might be an example of this category, as might be fuel-efficient sport-utility vehicles.



Sources: Terrachoice 'The Sins of Greenwashing', illustrations by CIFS.

SIN OF WORSHIPPING FALSE LABELS

Committed by a product that, through either words or images, gives the impression of third-party endorsement where no such endorsement actually exists; fake labels, in other words.

SIN OF HIDDEN TRADE-OFF

Committed by suggesting a product is "green" based on an unreasonably narrow set of attributes without attention to other important environmental issues. Paper, for example, is not necessarily environmentally preferable just because it comes from a sustainably-harvested forest. Other important environmental issues in the paper-making process, including energy, greenhouse gas emissions, and water and air pollution, may be equally or more significant.

SIN OF FIBBING

Committed by making environmental claims that are simply false. The most common examples were products falsely claiming to be Energy Star certified or registered.

Sin of Irrelevance

Committed by making an environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentalaly preferable products. "CFC-free" is a common example, since it is a frequent claim despite the fact that CFCs are banned by law.

The rise of 'woke capitalism'

'Wokeness' is a term that has lately dominated political discourse in the United States and, increasingly, the rest of the world as social unrest related to widely publicised incidences of racial injustice have spread. While many have been quick to write off wokeness and, at times, the charged discourse around the term as the misplaced and discontented moaning of a generation of hypersensitive and overprivileged urbanites, this glibness could itself not be more off-base. On the contrary – and regardless of what one thinks of its merits – wokeness and the discourse it drives have proven to be the basis for some of the most sweeping social change (at least cosmetically) since the 1960s: power relations and institutional and organisational structures which have been viewed by many as acceptable, routine, and even generally favourable for society are being interrogated, challenged, and rejected, and new visions for how our communities, organisations, and institutions can or should function are gaining unprecedented levels of traction.

The movements that emerged from wokeness as a critical state of mind and awareness several years ago have accelerated at a breakneck pace in the past few months, which has further posited wokeness as a way of being and claiming space – in both the figurative and literal senses – *in addition to* a way of thinking. This has profound implications for individual behaviour and societal norms, which in turn may very well impact how people interact with each other, institutions, organisations, and brands as well as what they demand from them.

A BRIEF HISTORY OF WOKENESS

A brief explanation of the history of wokeness illustrates how the term has traversed from obscurity to widespread, politically conscious usage. The first usage of the term 'awake' in connection with race and politics can be traced to the 1860 United States presidential election, where a group of young, politically engaged white men known as the 'Wide Awakes' helped propel Republican presidential candidate Abraham Lincoln to victory. While not explicitly an anti-slavery organisation, the Wide Awakes actively supported policies to end slavery, and even took up arms as a paramilitary group against the American Confederacy throughout the Civil War.[1]

The first record of the term in African American Vernacular English ('woke') appearing in a politically conscious context is in a 1938 recording of blues musician Lead Belly's song 'Scottsboro Boys'. In it, Lead Belly states 'I advise everybody to be a little careful when they go along through there [Scottsboro], stay woke, keep their eyes open', in reference to an incident in Scottsboro, Alabama, where nine Black boys were wrongly accused of, and later imprisoned for, raping two white women on a train.[2] The landmark case spurred waves of violence against Black Americans and later called into question institutionalised forms of racism and discrimination in the United States' justice system.

1 Willis, Matthew: "Abolitionist: 'Wide Awakes' Were Woke Before 'Woke'" JSTOR, daily.jstor.org/abolitionist-wide-awakes-were-woke-before-woke.

2 Matheis, Frank: "Outrage Channeled in Verse", Living Blues, digital.livingblues.com.

THE PRIDE CELEBRATION ORIGINATED AS A POLITICAL COUNTER-CULTURAL MOVEMENT LED BY GAY LIBERATION ACTIVIST MARSHA P. JOHNSON. THE FIRST PRIDE WAS HELD IN 1970 AS A RESPONSE TO VIOLENT AND DISCRIMINATORY POLICE BEHAVIOUR. SINCE THEN, PRIDE GROWN TO BECOME A WORLDWIDE EVENT SPONSORED AND JOINED BY LARGE COMPANIES AND ORGANISATIONS SEEKING TO SHOWCASE THEIR SUPPORT OF THE LGBTQ+ COMMUNITY.

FOTO: OSLOPRIDE

The term appears again in the 1962 *New York Times* article 'If You're Woke, You Dig It' by William Melvin Kelley, a Black American novelist and short-story writer, and once more in Black playwright Barry Beckham's play Garvey Lives!, which features the line 'I been sleeping all my life. And now that Mr. Garvey done woke me up, I'm gon' stay woke. And I'm gon' help him wake up other black folk'.[3]

The first contemporary use of 'woke' is credited to musician Erykah Badu in her 2008 song 'Master Teacher'. While the usage of the term is not explicitly political in the song itself, Badu later connected the term to issues related to social justice in online discourse in 2012.[4] By the early 2010s, the Twitter hashtag #staywoke began to be widely used in connection to a wide range of social justice issues, especially those revolving around racial discrimination, police violence against people of colour, and the emerging Black Lives Matter movement.[5]

By the mid- and late 2010s, the meaning of 'woke' and 'wokeness' were not only understood as indicative of 'healthy paranoia, especially about issues of racial and political justice', but also as ironic jabs at people or institutions perceived to be co-opting or endorsing critical perspectives on race and social justice either for their own benefit or without a full understanding of their backgrounds or implications.[6] Around this time, 'woke' and 'wokeness' entered mainstream discourse and, as some argue, were appropriated by white social media users.[7] As a result, 'woke' and 'wokeness' underwent a process of memeification – first relegated to the more obscure corners of the internet as the terms were applied to humourous, abstract, or post-ironic everyday scenarios unrelated to race, social justice, or critical political consciousness, and then reemerging as popular teen slang.[8]

WOKENESS AND ITS COUNTERPARTS TODAY

Recently, there has been a resurgence of interest in the terms 'woke' and 'wokeness' in the wake of civil unrest related to the death of George Floyd, a Black man killed by a white police officer for a nonviolent offence in Minneapolis, Minnesota in May 2020.[9] The event has set off an unprecedented barrage of demonstrations and rioting both within and outside of the United States, which continue to this day. Crucially, Floyd's murder – the latest in a string of highly publicised acts of violence against people of colour at the hands of police and judicial systems – highlighted not only calls for police reform in the United States, but also the eradication of racism and discrimination in powerful institutions and a re-examination of national histories and political symbolism in many countries around the world.

Notably, several other related phenomena have gained currency alongside the resurgence of wokeness. These are of great importance as they have both helped shift 'being woke' and 'wokeness' from states of critical awareness to forms of action and activism that have more immediate and impactful consequences for individuals, organisations, and society everywhere as well as highlighted new cultural flashpoints.

CANCEL CULTURE

Cancel culture or 'cancelling' is the act

3 Beckham. Garvey Lives!: A Play. 1972.

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4 Hess, Amanda: "Earning the 'Woke' Badge", The New York Times, www.nytimes.com/2016/04/24/magazine/earning-the-woke-badge.html.

5 Pulliam-Moore, Charles: "How 'woke' went from black activist watchword to teen internet slang", Splinter, splinternews.com/how-woke-went-from-black-activist-watchword-to-teen-int-1793853989.

6 Ibid.

7 Hess, Amanda: "Earning the 'Woke' Badge", The New York Times, https://www.nytimes.com/2016/04/24/magazine/earning-the-woke-badge.html

8 Trudon, Taylor: "Say goodbye to 'on fleek,' 'basic' and 'squad' in 2016 and learn these 10 words instead", MTV, mtv.com/news/2720889/teen-slang-2016.

9 The topic "woke" peaked at an all-time high (from 2004) on Google Trends in June 2020, soon after George Floyd's death: trends.google.com/trends/explore?date=all&geo=US&q=%2Fg%2F11ddxplprk

of social exclusion, boycotting, or rejecting people, products, organisations, or institutions because of behaviours that are deemed by a given group or individual to be incompatible, in contradiction, or in direct conflict with principles of social justice. Cancel culture can, in some ways, be described as a development parallel to the rise of wokeness, as it came to prominence around the Me Too movement against sexual violence and harassment in the late 2010s. The 'cancelling' of certain individuals has most often centred around men accused of, and in some instances, convicted of sexual harassment and violence, particularly against women. However, cancelling has recently extended to those accused of discrimination or any kind of activity deemed to be in opposition to socially just initiatives or, conversely, in support of conservative or regressive ideologies or regimes.

This development has played out in a number of significant ways, especially given the intense focus on institutional discrimination that has emerged in the spring and summer of 2020. On one hand, many corporations wary of the implications of cancel culture have attempted to present themselves as aware – and even supportive – of socially just initiatives ranging from climate change to combating racism and discrimination on the basis of religion, sex, gender, and sexuality, even going so far as to run campaigns in support of organisations like Black Lives Matter. While corporate actors may very well have geninue intentions and a desire to facilitate social change, their actions have faced criticism across the entire political spectrum.

On the left, they have been accused of embodying 'woke capitalism', which, through a display of progressive values or ideals, permits corporate actors to pursue 'low-cost, high-noise signals as a substitute for genuine reform, to ensure their survival'.[10] In other words, corporates are good at talking the talk, but are unwilling to walk the walk. On the right, there have been calls for corporates to stay out of cultural debates and topics not strictly related to business or commerce, and even boycotts against large firms due to their stances on specific social issues.[11]

Notably, an example of the inverse scenario has been widely circulated in international media, illustrating the expansion of cancel culture and its implication for businesses: the Co-owner and CEO of Goya Foods, a producer and distributor of Spanish and Latin American foods throughout the Americas, praised President Donald Trump at a White House roundtable event, unleashing a storm of criticism from progressives across the region. In addition, many – particularly Latinx – people called for a boycott of Goya Foods despite their widespread popularity in Latinx families, due to the Trump Administration's record of criticism and even abuse against migrants and resident aliens from Latin America. In response, conservative supporters of Goya raised over $200.000 to purchase Goya products for the purpose of donating them to food banks, while Donald Trump and his family members posted pictures of themselves posing with and endorsing Goya products on social media.[12]

Both of these discussions highlight that social spaces and cultural debates are minefields for not only individuals, but increasingly for organisations as well. While organisations may,

10 Lewis, Helen: "How Capitalism Drives Cancel Culture", The Atlantic, .theatlantic.com/international/archive/2020/07/cancel-culture-and-problem-woke-capitalism/614086/.

11 "Target Boycott", AFA, afa.net/target.

12 "President Trump and Ivanka criticised over Goya support", BBC, bbc.com/news/world-us-canada-53429797.

on one hand, feel responsible or pressured to act in the face of injustice, they risk sharp criticism at best and financial ruin at worst depending on how their intentions are perceived by the public. At the same time, there may also be serious consequences for silence or indifference, be it genuine or simply perceived.

WOKENESS IN VOGUE?

As wokeness has moved into the mainstream, some commentators have questioned whether corporates' engagements with wokeness and woke causes are disingenuous attempts to appear trendy or socially conscious, and are thereby misguidedly heralding wokeness as something fashionable and, therefore, superficial and temporary. One example of this centres on the use of diversity and implicit-bias training: while they make up an almost $8 billion dollar-per-year industry in the United States alone, their efficacy is unclear and disputed. Notably, a Harvard scholar who led a study of a wide range of diversity programs concluded, 'sadly enough, I did not find a single study that found that diversity training in fact leads to more diversity'.[13]

Despite this, interest in diversity and implicit-bias training are still on the rise in organisations everywhere. In the wake of George Floyd's death, the book *White Fragility* shot to the top of *The New York Times* paperback nonfiction list. *White Fragility*, written by white academic Robin DiAngelo, attempts to unpack the complexities of race and ethnicity in a series of institutional and organisational settings, with a particular focus on the sensitivity of white people to criticisms regarding racial discrimination and white privilege. The book has clearly been influential, as a range of public and private organisations including Amazon, Unilever, and the Bill & Melinda Gates Foundation have implemented it as well as seminars with DiAngelo as part of diversity and implicit-bias training. This suggests, as journalist Helen Lewis articulated in a recent article in *The Atlantic*, that some organisations may be more interested in 'encourag[ing] personal repentance rather than institutional reform'.[14] In other words, organisations appear quick to point to piecemeal progressive initiatives like diversity seminars that increase the accountability of their members or employees as they denote their political consciousness and awareness of the 'now', but are unwilling to take more drastic steps to directly address societal inequalities which are often caused by or manifest in terms of longstanding economic disparities. Again, no matter what the intentions of a given organisation are, the waters are becoming increasingly difficult to navigate when it comes to social justice.

WOKENESS AND CULTURAL FLASHPOINTS

The rise of wokeness has not been without significant criticism and social resistance. Increasingly, there have been calls to push back on social justice initiatives purportedly driven by wokeness, which have been branded as discriminatory, totalitarian, and even treasonous by politicians, academics, authors, and pundits around the world. This has given rise to a number of cultural flashpoints, where bold ideological lines have been drawn around questions ranging from athletes' right

13 Kirkland, Rik & Iris Bohnet: "Focusing on what works for workplace diversity", McKinsey & Company, mckinsey.com/featured-insights/gender-equality/foc.sing-on-what-works-for-workplace-diversity.

14 Lewis, Helen: "How Capitalism Drives Cancel Culture", The Atlantic, https://www.theatlantic.com/international/archive/2020/07/cancel-culture-and-problem-woke-capitalism/614086.

to kneel during the American national anthem as a protest against racial inequalities[15] to the right of university students to boycott conservative speakers from their campuses.[16] These ideological divides have been significantly widened by citizens' unprecedented levels of access to increasingly polarised and democratised news media, which have also contributed to the dissemination of mis- and disinformation.[17]

Increasingly critical voices in these debates have given rise to a kind of 'anti-wokeness', which, as the term suggests, refutes the tenets of wokeness and social justice. This is perhaps best exemplified in particular by the emergence of the 'alt-right' – a loosely affiliated, largely online nationalist and conservative movement that cuts across the traditional political spectrum. As people become more entrenched in opposing camps, the consequences of taking sides as an organisation loom large. Even companies like Ben & Jerry's and Patagonia, which arguably offer examples of how to best participate in and contribute to woke capitalism – if their increasing stock value and profits are any indication – by supporting both economic and social changes within and around their respective industries have faced backlash from progressives,[18] while at the same time, drawing ire from conservatives.[19]

THE FUTURE OF WOKENESS

The entrance of wokeness into everyday discourse has had a marked impact on how social change is discussed as well as what kinds of demands can be placed on both individuals and organisations. Increased social and political consciousness increasingly present themselves as imperatives, but how that consciousness is acted upon entails risks that may in some instances be existential. Resistance to wokeness has also increased the difficulty of navigating public spaces and discourse for organisations. Now more than ever, any decision, proclamation, or practice that garners public attention is almost guaranteed to attract criticism from some camp somewhere.

The speed at which the discourse and action around wokeness has developed raises important questions about the future: Is wokeness a fad or an 'overcorrection' that will eventually die out or relax? Will increased polarisation due to rising inequalities and the spread of disinformation further entrench citizens and consumers into 'woke' and 'anti-woke' camps? Will organisations and businesses face increasingly complex demands and dillemmas posed by divided consumers?

A rejection of wokeness may allow for the depoliticisation of certain actors and spaces and a partial displacement of responsibility from, for example, corporations to individuals. On the other hand, an entrenchment of wokeness could point towards a new social contract in which social consciousness and activism are major responsibilities of collective entities, and organisations are increasingly subject to monitoring and control at the hands of citizens and consumers. While the precise implications of these scenarios, and many others between them, cannot be mapped with certainty, it is guaranteed that they have a marked impact on the relationships between citizens, consumers, businesses, organisations, and institutions. ■

15 "Black Lives Matter: Where does 'taking a knee' come from?", BBC, bbc.com/news/explainers-53098516.

16 Jackson, Abby: "'Disinvitations' for college speakers are on the rise – here's a list of people turned away this year", Business Insider, businessinsider.com/list-of-disinvited-speakers-at-colleges-2016-7?r=US&IR=T.

17 Švedkauskas, Žilvinas, Sirikupt, Chonlawit, & Michel Salzer: "Russia's disinformation campaigns are targeting African Americans", The Washington Post, washingtonpost.com/politics/2020/07/24/russias-disinformation-campaigns-are-targeting-african-americans.

18 Demkes, Emy: "The more Patagonia rejects consumerism, the more the brand sells", The Correspondent, thecorrespondent.com/424/the-more-patagonia-rejects-consumerism-the-more-the-brand-sells/56126501376-a30f-2daa.

19 Knoebel, Ariel: "Ben & Jerry's and the Business of Brands Getting Political", Forbes, forbes.com/sites/arielknoebel/2018/11/05/ben-jerrys-and-the-business-of-brands-getting-political/#1829e6576e07.

PART 3

Industry-specific challenges and opportunities

What does ‘doing good’ mean? The answer will vary greatly depending on the organisation or industry in question. In this section, we look at three industries that each face radically altered playing fields and changing responsibilities, necessitating changes to the way things used to be done: Advocacy NGOs, the media and the fundraising industry. The three articles are followed by an interview with Jordi Passola, Chief of Marketing and Strategy at UNHCR, about the role companies play in societal causes, today and in the future, as well as what the future holds for fundraising and the humanitarian sector at large.

NGOs on a journey from commitment to results

In 1839, the Anti-Slavery Society was formed in the US. The Society was probably one of the world's first known NGOs, even though the existing definitions of NGOs are vague at best (most often it is used as a catch-all term for everything that is not governmental).[1] Fast forward 181 years to 2020 and we still live in a world where movements like Black Lives Matter, which constitutes an uproar against modern-day versions of racism and the aftermath of past sins, has its justification. Today, the global number of NGOs is estimated to be in the vicinity of 10 million.[2] Some have become major global stakeholders playing important roles in dealing with a vast number of challenges including classical organisations like The International Red Cross, the world's largest humanitarian force, and those newly formed like the Melinda and Bill Gates Foundation which challenges a number of ways that modern NGOs are operating by not only creating focus and interest in topics, but also being major contributors to financing solutions.

Judging by this, one would say that the journey of NGOs has been a successful one. And as the sustainability agenda is growing in importance among corporations, public institutions, and private citizens, the role of the NGO is ever more important. They may not set the rules, but they set the bar.

Yet, while NGOs have flourished in numbers, and grown in size and recognition over the past two centuries, their impact and power may turn out to be limited. To change this, NGOs – which increasingly are seen as partners by MNCs – will need to embrace more result-oriented and future-proof strategies. This includes the following:

1. *Commitments to creating results with key stakeholders.*

2. *Using new media platforms and the social movements created on the platforms.*

3. *Taking a holistic approach, thus working with more complex issues rather than stand-alone causes.*

4. *Using more standardised systems and KPIs that create more transparency.*

DIGITAL ACTIVISM CHALLENGING NGOS

NGOs play an important part in igniting and facilitating discussions on complex issues in need of addressing by many stakeholder groups. NGOs have been at the forefront of holding companies accountable and keeping institutions on their toes.

But social media is increasingly taking the role of NGOs in bringing various issues to public attention and scrutiny. Traditional advocacy NGOs face competition from a new generation of digital activists. Many new social movements mobilise around Twitter hashtags – think #MeToo, #BlackLivesMatter, #FridaysForFuture. These movements are powered by a diffuse network of

1 Kerstin Martens: Mission Impossible: Defining Nongovernmental Organisations. Voluntas: International Journal of Voluntary and Nonprofit Organisations Kerstin Martens Vol. 13, No. 3, September 2002, pp. 271-285.

2 Kasmin Fernandes: "World NGO Day 2020: Be the Change", The CSR Journal, thecsrjournal.in/world-ngo-day-2020-make-a-change.

FOTO:GGAADD

individuals connected by a common experience (such as sexual harassment or racism) or cause (climate change), and some have been incredibly effective at gaining media attention and triggering social change. Their organisational model contrasts starkly with traditional, centralised, NGO campaigns.

From the point of view of advocates for various issues and causes, it is a positive development, but for the NGOs, it may give rise to a series of challenges. What will their role be in a world where we are one hashtag away from an issue going viral or a company or government being scrutinised for their actions or lack thereof? The changing stakeholder landscape will influence how NGOs will perform in the future and how companies should interact and collaborate with NGOs (if at all). The key needs in this development that NGOs need to accommodate are:

1. *Going from naming and shaming to more action-oriented and partnership-based strategies.*

2. *Changing organisational models to accommodate for strong movements such as BLM and climate activism.*

3. *Dealing with global systemic changes which call for a more regionalised approach and potential dealings and collaborations with the powerhouses in the various speres of interest (e.g. China, EU, US, Russia).*

4. *Responsiveness to local needs. Going from a 'We-know-it-all-we-are from-the-West' perspective to a truly community-based understanding of local dynamics and dependencies.*

5. *Measuring success – taking their own medicine. Success cannot be measured in pledges, conferences, or 'letters-of-intent'. Just as those private or public sector actors that the NGOs look to influence, the NGOs themselves will be held to higher standards on actions and actual impacts. NGOs will have to move from intent to results.*

CHOOSE YOUR TAILOR-MADE NGO

Collaborating with NGOs involves a significant amount of decision making, whether you as an individual are choosing to support a specific NGO or you as a company want to establish a partnership with one, the element of individual choice is present. Similar considerations take place on the part of the NGOs: They can choose which stakeholders to work with and whom to shun.

An important benefit of such choices being present is the fact that they establish a healthy competition and prioritisation between ideas and causes. If the goal is to stimulate actions and drive change, such competition could have positive benefits. If only politicians – democratically elected or not – and national bureaucracies get to decide on themes and strategies, the world might miss out on innovative and new approaches to achieving actual change.

But there is a price to be paid for individual choice. If change is to be achieved on a global scale, efficiency and reliable data is paramount. And even in a world with no cheating or foul play, individual choices might diminish data quality and efficiency. This can be seen in IMF's *Global Financial Stability Report 2019.*[3] IMF tested how two global ESG rating organisations scored big global companies in relation to environmental, social and governance related themes. The result was that the two organisations disagreed not only on the total score for companies but also in each of the three themes. This implies that companies, when choosing which NGOs to collaborate with, can choose a system that is beneficial to the companies' strategies and performances. This creates confusion and raises questions in relation to data quality both for investors and for other stakeholders.

3 Global Financial Stability Report: Lower for Longer. October 2019. See also: economist.com/finance-and-economics/2019/12/07/climate-change-has-made-esg-a-force-in-investing.

As companies approach climate change and other key challenges, there is a risk that uncoordinated strategies will lead to a mismatch between societal and environmental needs and demands and what companies are able to provide. A classic example is strategies trying to secure biodiversity in Africa by reserving land areas without taking into consideration the fate of the local people.[4]

4 Jerome Lewis: "Living With Forest", Scientific American, May 2020.

As NGOs still tend to have a single-purpose focus, the NGO world might drive results towards either single-and-easier-to-fix problems or they might allow companies to pick and choose between different NGO setups based on non-scientific holistic facts.

To avoid this scenario, and to provide robust results in the coming decades, there are some key steps that NGOs and their partners need to take:

Clear division of roles. If the NGO is stuck in naming-and-shaming, companies should look for advice and seek partnerships with other NGOs. The clearest example might be climate change. As the world is moving at an increased speed towards replacing fossil fuels and other sources of GHGs with sustainable sources, the next 10 years will see more focus on creating adequate solutions rather than discussing direction. NGOs have a vital role to play – both to secure results and as a secondary goal, to ensure legitimacy to companies (based on results).

Partnerships based on skills. With 10 million NGOs in the world today, the competition for funding, attention, and skilled workers that provide results is fierce. New partnerships and networks which allow different skills and partners to interact to create results will be more important. Stand-alone operations, whether they are local or global, will face tough competition from networks that combine the efforts of NGOs, governments, citizens, and companies.

Stringent measurement of physical results. This does not count pledges signed, campaigns started, or number of views on TikTok, but rather things like tons of CO_2 equivalents reduced or the number of species reintroduced in an ecosystem, using generally accepted standards for measurement.

If MNCs and NGOs manage to change setups and strategies to meet the requirements for the future, the partnerships they engage in will continue to be beneficial to not only the involved parties, but also to society at large. With more stringency in measuring results, the right partnerships, and a redefinition of roles, most NGOs will be on the right path going forward. ■

‘We know we have more work to do’

The future of media and the challenge of ‘doing good’ in the age of algorithms

The media ecosystem is broken. But we still have time to fix it. Since the introduction of the internet, traditional media has struggled to find sustainable business models, keeping their audiences’ trust and loyalty, as well as finding a way to fight misinformation and manipulated media. As a result of this development, it has been estimated that by 2022, most individuals in mature economies will consume more false information than true information.[1] This tendency has accelerated during the COVID-19 crisis.

The illusion of the tech industry as ‘doing good’ in society has started to crumble, but within the last couple of years, different stakeholders have started to demand a change towards more ‘responsible tech’ – a movement that is also starting to reflect on the media industry. In the summer of 2020, we witnessed a hearing where Apple, Google, Facebook, and Amazon testified before the US Congress regarding their market dominance in the industry. At the same time, several high-profile brands, including Unilever, Pfizer, and Boeing joined the #StopHateForProfit advertising boycott campaign looking to impact Facebook’s ad revenue. The aim of the campaign was to send a message to Facebook to ‘stop valuing profits over hate, bigotry, racism, antisemitism, and disinformation’ by withdrawing advertising on the platform.[2] Of course, some saw this as an easy purpose-washing by the participating companies.[3] Others, however, saw it as a needed reaction to the go-to reply by Facebook representatives when confronted by criticism and calls to do better: ‘We know we have more work to do’.[4]

As the *New York Times* puts it, this phrase is both a promise and a deflection: ‘It’s a plea for unearned trust — give us time, we are working toward progress. And it cuts off meaningful criticism — yes, we know this isn’t enough, but more is coming’.[5] The fact is that there are fundamental structural flaws to the way social media is built – including the whole architecture of algorithms rating engagement over values. To a large extent, it is a structure that traditional media has chosen to copy in their digital products and business models.

THE PERSONALISATION OF THE INTERNET

The early internet was founded on a utopian ideal of connecting people in a virtual space with a free flow of knowledge and free from the rules of the physical world. This free and open ‘information highway’, many believed, would contribute to dispelling old prejudices and outdated ideas. The ideal turned out to be short-lived, however. As social media matured during the ‘00s and ‘10s, many online activities started migrating to these platforms – and our media consumption did as well. Today, universally-used social media such as Facebook have largely become monopoly platforms for social life and media consumption – but we still do not really

1 Christy Pettey: “Gartner Reveals Top Predictions for IT Organizations and Users in 2018 and Beyond”, Gartner, 2017. gtnr.it/30Ds3vz.

2 Stop Hate for Profit, https://bit.ly/33I2O35stophateforprofit.org).

3 See article on purpose-washing, page 28.

4 CNBC, “Facebook reportedly loses another major advertiser: Disney”, July 2020, cbsn.ws/33DG8uZ.

5 Charlie Warzel: “Facebook Can’t Be Reformed”, The New York Times, July 1, 2020, nyti.ms/33y6yyv.

have a clue about how the algorithms shape and nudge our digital twins and how they (mis)use our data. As we now know, there are many negative side-effects of online life: filter bubbles, echo chambers, strengthening of biases, and a general lack of transparency when it comes to the influence that algorithms have on our lives and media consumption.

The increasing personalisation of the internet is not all bad, but the power of the algorithms in boosting these negative side-effects is overwhelming. Many initiatives are being launched to try to fix some of the issues that arise from this – also from the tech giants themselves. Facebook recently initiated several actions (mainly due to external pressure) in trying to do better. Their so-called equity teams are investigating whether algorithms on Facebook and Instagram discriminate against users based on ethnicity. They initiated a new oversight board to ensure better content moderation on the platform. But these initiatives are not enough to fix the challenges in the media landscape. The increasing power of the large tech-companies can no longer be overlooked. To understand this better, let's have a look at the underlying structures of one of the most successful players in today's social media landscape.

TIKTOK – WHERE NETWORKS NO LONGER RULE

If I say Tik, you say what? There is no need for an introduction to the brand that is on everyone's lips these days – from the media industry to geopolitics. More than just being a video app that teenagers are addicted to, the reason for TikTok becoming so popular lies in the algorithms. TikTok is not really a social media in the traditional sense since its underlying algorithms do not focus on your social network, but instead on analysing your every move, the way you use hashtags, your location, your favourite music, the videos you like, and all your other actions which are combined into a unique personalised feed – all with the purpose of keeping you on the app for as long as possible. It uses this data to finetune the 'For You' page (the frontpage of TikTok). It sounds simple, but here is the trick: there is no hierarchy of content. Everybody can easily post content that has a chance of going viral – even if you do not have many followers since that does not affect the recommendation system according to TikTok.[6]

In many ways, traditional media outlets are defined by high quality journalism and content but also by limitations: there is only so much content that can be made in the editorials and by the production companies. The mentality around the structure of traditional releases of content seems hard to change. The internet on the other hand is defined by an abundance of endless (user-generated) content, an area where TikTok excels. The goal is to get as much content as possible, and then boost whatever turns out to be popular according to the algorithms, and that is how TikTok keeps its users hooked. It is the creation of a new model where popularity (based on data) beats publicism (based on editorial input) – and where abundance beats scarcity. There is a fundamental need to discuss how algorithms can support the publicist content and values in society in general in response to settling

6 TikTok, "How TikTok recommends videos #ForYou", bit.ly/2PgVBJd.

for the instant gratification and non-stop flow of content based only on your data.

THE DEMAND TO DO BETTER

Globally, many new initiatives are being launched with the purpose of pushing stakeholders in the media ecosystem to take action and set up systems of accountability. Recently, the World Economic Forum released a white paper with the title Building Back Better: An Action Plan for the Media, Entertainment and Culture Industry,[7] with the purpose to identify and drive forward practical actions for publishers, advertisers, agencies, and platforms to improve the media ecosystem in the phase of 'building back better' post-COVID-19 in order to create a more trusted, prosperous, resilient, and equitable media industry.[8] Another initiative is the Global Alliance for Responsible Media[9] that was founded by the World Federation of Advertisers in order to better protect users online, secure personal data, and use the data responsibly[10] as they 'acknowledge their collective power to significantly improve the health of the media ecosystem'.

A survey from 2019 of the CEO members of the UN Global Compact stated that 77 percent of media CEOs recognised the critical role business could play in contributing to the delivery of the Sustainable Development Goals (SDGs), but only 13 percent believed their business is actually playing that role.[11] A new report from 2020 states how COVID-19 in many ways has hindered the progress towards the SDGs but also makes progress more urgent since 59 percent of consumers surveyed in May 2020 said they will avoid brands that are not demonstrating progress towards corporate goals that positively affect society and the planet.[12]

So, to put it in short, the media hasn't put much focus on creating a better world by working with the algorithms – but soon consumers will start to demand it. Some parts of society are starting to be 'digitally woke'. As things are moving in these purpose-driven times, we will likely experience an earthquake that has the power to change the media landscape as we know it. It is a movement that will create a divide between the media companies that have embraced social responsibility in their digital transformation and those who have not – and it is a test of leadership both at an industry level and at an individual level, where the blueprint for industry leaders is evolving to encompass agility, impact, responsibility, and authenticity.[13]

When working with future studies, we always look at the drivers and blockers affecting trends or developments. The development of TikTok (alongside the other big tech companies) has demonstrated a focus where monetisation beats ethics and human values. The business plan does not really include 'doing good'. It is all about what works and finding out what is pleasing the users and how to gain more of them. The business model of TikTok could easily be implemented as Comme il faut in the media industry if profit was the only goal and we – the users – did not really care about where our society or our data is heading. There is no question that the model works for financial gain and that the role of personalisation of digital content will grow immensely in the future media landscape, so it is something the traditional

7 World Economic Forum, "Building Back Better: An Action Plan for the Media, Entertainment and Culture. Industry" , July 2020, bit.ly/2PhlSWr.

8 The report also states that milestones projected for 2025 are on track to be met in early 2021 because of an accelerated effect of COVID-19.

9 Global Alliance for Responsible Media, https://bit.ly/3fijeeY.

10 World Federation of Advertisers, "Global Alliance for Responsible Media launches to address digital safety", bit.ly/33rDGYF.

11 UN Global Compact Progress Report 2019, https://bit.ly/30mVPEJ.

12 Accenture Consumer Pulse Survey, "COVID-19 is Reshaping the Consumer Goods Industry", May 2020, accntu.re/2PlQebu.

13 Robin Murdoch: "Media and entertainment in flux: it's time for the close-up", World Economic Forun, July 2020, bit.ly/31cwyMW.

media companies need to learn and embrace. But the future generation of media consumers are also demanding more than just a personalised feed. They are demanding a better future.

THE FUTURE OF MEDIA

2020 has been a very chaotic year so far, and it's clear that the world – more than ever – needs reliable, responsible curation of content in the media based on fairness, accountability, and transparency. Looking into the future, it is likely that we will have to deal even more with new issues like synthetic and manipulated media and neural communication, where the boundaries between real and fake will be even harder to tell. Is what I'm seeing real? Can I trust it? Is there a reason that I'm being exposed to exactly this content? New ways to address the users will be constantly appearing, and the line between entertainment and news will be much more blurred as we are already starting to see in the current news landscape. It's time to take the algorithms seriously in a broader aspect.

We're in the middle of a race towards finding a better balance of who's in charge of the curation of content, and how the (unavoidable) algorithms should work. At the Copenhagen Institute for Futures Studies, we have several initiatives working towards a better media landscape in 2030. It's not going to be easy to (re)build the new media landscape, but one thing's for sure: The future consumers are demanding it – and the younger generation will be leading the battle. ■

Read more about our different media initiatives at cifs.dk/initiatives/nordicmedia2030.

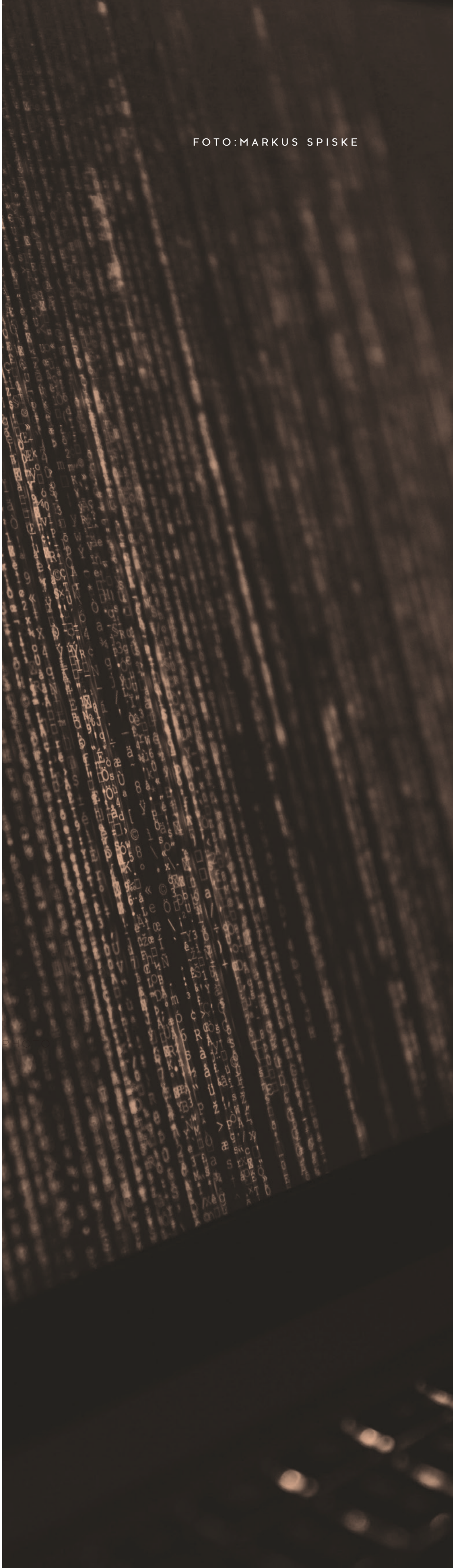


FOTO:MARKUS SPISKE

Fundraising in the age of compounded crises

While the modern notion of fundraising as a proactive approach to gathering money for a cause was introduced in the early 1900s, the act of donating has existed for millennia, driven especially by religious teachings. In recent history, we have seen fundraising become a more organised and systematic process, supported by the advent of telecommunications and new techniques such as face-to-face fundraising campaigns and events. Institutional philanthropy has steadily grown into a multi-trillion-dollar sector globally with numbers expected to grow up to 5 percent yearly (in the US alone) in the next few years.[1] The emergence of social media brings new opportunities for fundraisers by improving the ability to rally around causes and disseminate messages further and faster than ever.

Accelerating and complex developments are amplifying the need to solve our numerous global challenges and crises – climate change, social injustice, health issues, natural disasters, among others. Meanwhile, the interconnection between these issues acts as a powerful multiplying force. We live in a world where public attention spans are short, and agendas change almost every minute. In 2020, the crises that have dominated newsfeeds have shifted from Australian bushfires to mitigating the effects of the COVID-19 pandemic to the Black Lives Matter movement. At this critical point in time, fundraisers need to figure out how to go above and beyond previous efforts to compete for donations. In this article, we will look at three key areas impacting the future of fundraising: (1) optimising donor search; (2) using funds more efficiently; and (3) meeting and exceeding donor expectations.

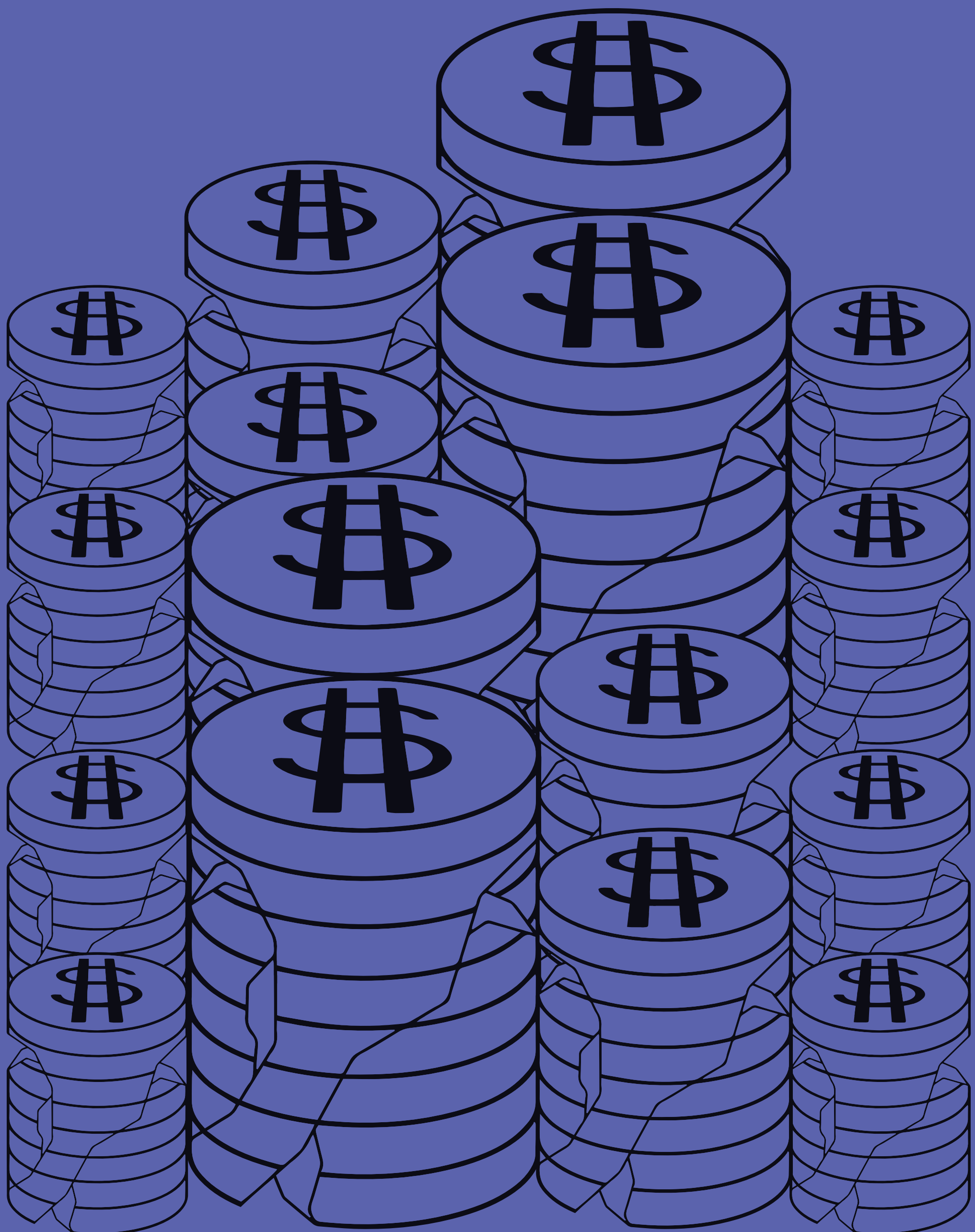
OPTIMISING DONOR SEARCH THROUGH UPLIFT MODELLING

After the Democrats lost control of the U.S. House of Representatives in 2010, pundits were predicting a loss for President Barack Obama in the 2012 Presidential Election. Obama's campaign staff turned their attention towards big data predictive analytics to gain the upper hand and appeal to undecided voters, while making more efficient use of resources. The staff applied the actionable approach known as 'uplift modelling', where the intention is to identify the 'persuadables' – the individuals who are most likely to be influenced positively by outreach efforts such as online ads or phone calls. The campaign staff's models helped direct money and time towards the most effective channels to contacting the most 'persuadable' undecided voters, and thereby avoided wasting resources on the already decided.[2] As we all know, Obama went on to win his second election, thanks in part to effective campaign management.

For fundraisers, running potential donors through well-designed predictive models can potentially help reveal the individuals most likely to donate, the amount they are willing to donate, which causes they support, and the channels they are affected by. Obvious grey are-

1 Indiana University Lilly Family School of Philanthropy: "The Philanthropy Outlook 2020 & 2021", Marts & Lundy, bit.ly/2P4JiQa.

2 Emma Preslar: "How uplift modeling helped Obama's campaign – and can aid marketers", TechTarget, bit.ly/39yidyg.



as exist related to targeting fundraising efforts at the ‘persuadables’, for instance, identifying those already financially vulnerable. We are already seeing customised targeting through time slot-specific TV ads for charity organisations and algorithms driving online traffic, exemplified by the Cambridge Analytica-scandal during the 2016 Presidential Election, which showed the potential drawbacks of our interconnected, data-abundant society. Enabled by data, fundraisers can get to know potential donors better than before, which can raise privacy and security concerns. However, if fundraisers manage to find an ethical equilibrium, plenty of optimisation opportunities exist within a more real-time and personalised search for willing donors.

USING FUNDS MORE EFFICIENTLY THROUGH FORECAST-BASED FINANCING

An oscillation of the global ocean-atmosphere system, known as El Niño, sweeps the tropical Pacific in cycles of 2-7 years, resulting in unusual weather activity around the globe. Most vulnerable to these events are developing countries bordering the Pacific Ocean, which are reliant on local agriculture and fishing.[3] In Peru, El Niño-induced heavy rains and severe droughts have historically threatened basic needs such as general health, food security, and housing. To anticipate the consequences of El Niño and future crises, the Red Cross Red Crescent Movement in 2015 began testing a forecast-based financing (FbF) approach, where the pre-emptive release of humanitarian funding enables early action. Based on risk analysis and in-depth forecast information, the project’s funding follows the likelihood of an incoming disaster.

While predicting the strength of El Niño is still a challenge, the Red Cross has installed community-based early warnings and protective measures before El Niño to build resilience. The measures did not have immediate impact, but in the long run, they have provided great value for the effected Peruvian population by improving preparedness capacity and the stability of houses.[4] On top of saving critical resources, research by the UN World Food Programme has shown that FbF can help save human lives.[5] FbF can help NGOs to manage humanitarian aid more efficiently and potentially, crowdfunding campaigns can be set for auto-launch when a trigger warning is issued for a potential disaster. Being able to stretch humanitarian aid and visibly improve the real value of donations could help NGOs ‘win the battle’ for future donations.

MEETING AND EXCEEDING DONOR EXPECTATIONS THROUGH TRANSPARENT AND RESPONSIVE FUNDRAISING

In 2018, individual donors in the US contributed 68 percent of the total amount of charitable giving ($428 billion) making individual donors the main priority for fundraisers.[6] Prospective donors are continually being bombarded by impersonal messages, all asking to donate for very important causes. In a world where fundraisers are competing for attention and donations, the idea of ‘responsive fundraising’ is gaining traction. Instead of seeing donors as a number, responsive fundraising is focused on personally involving the donor in the cause and creating a closer, more personal engagement, often aided

3 NOAA: “What are El Niño and La Niña?”, National Ocean Service, bit.ly/3eZt313.

4 Red Cross EU: “Forecast Based Financing” bit.ly/32XNbhP.

5 OSZIR: “Forecast-based Financing (FbF) - Anticipatory actions for food security (2019)”, UN World Food Programme, bit.ly/303X7Vi.

6 Giving from foundations and bequest contributed 27 percent and corporations: 5 percent.

by social media, where individuals can show others what a good person they are by making a public donation, while inspiring others to donate.

Creating accountability and transparency in charitable activities and fundraising are becoming key competitive parameters to build and maintain relationship with donors. Donors want to know what their money supports and do not want their entire donation to be swallowed by bureaucracy. In the UK, it was estimated by Channel4 that on average, 60-70 percent of UK charities' annual spending goes to charitable activities, while administration and fundraising are the next largest costs.[7] To foster trust and increase donations, the goal must be to spend more on charitable activities, thereby fulfilling the purpose of charities. New tools are needed for fundraisers to meet this demand:

Digital platforms. Digital fundraising platforms have the potential to limit bureaucracy, while reaching a global audience through storytelling and access to news and an overview of donations.

Smart contracts. Blockchain-enabled smart contracts can help automate and decentralise the giving process by holding back funds to charities until they have proved that they have reached specific goals. Further, decentralised digital ledgers like blockchain make the giving process more transparent, as no institution has control over the ledger. This allows for an auditable and verifiable transaction between donors and charities.[8]

Crypto-philanthropy. The donation platform HumanityToken is an example of how blockchain can be used to manage and track donations transparently, thereby allowing donors to keep track of how their individual donation has been distributed and used. While the use case is limited to providing restricted spending for the economically disadvantaged, similar programs in other contexts should be viable with due-diligence and vetting mechanisms in place.[9]

CONCLUSION

The continued acceleration of technology and increasing amounts of available data have created new tools for fundraisers to both anticipate and prevent disasters and to attract potential donors looking for more personalised engagements. We are moving into a more individualised world where segmentation is dead. Donors want to experience that they, individually, are helping to create a better world. In the midst of the immense financial uncertainty of the COVID-19 crisis, people might start donating less, as they historically have done during previous recessions.[10] The crisis is simultaneously creating severe setbacks in areas ranging from income inequality[11] to investments in developing countries,[12] but it is also an opportunity to realise the importance of solving global crises together across borders. In this context, the goals for future fundraisers must be to more efficiently identify donors, target and engage them through customised and transparent channels, and improve the ability to forecast, anticipate, and prevent disaster situations to more effectively handle disasters and spend the right money in the right way. ■

7 Georgina Lee: "How much do charities actually spend on good causes?", Channel 4 News, bit.ly/3hMOfJl.

8 Howard Lake: "Blockchain startup offers transparency tool to track donations to charity", UK Fundraising, bit.ly/2X9Fm54.

9 YourCause & Blackbaud: "A transparent experience for companies, employees, and nonprofits", bit.ly/2BHPL0g.

10 C. Cutbill, C. Priestley & C. Harris: "Charities and coronavirus: Reflections on the sector following the 2008 financial crisis", Withersworldwide, bit.ly/3f3TPpd.

11 UN Development Programme: "Coronavirus vs. inequality", bit.ly/331Haka.

12 OECD: "The impact of the coronavirus (COVID-19) crisis on development finance", bit.ly/2EiYDKx.

INTERVIEW

Humanitarian aid in the age of compounded crises

Interview with Jordi Passola, Chief of Strategy and Market Development, Private Sector and Partnerships at UNHCR, the UN Refugee Agency.

Jordi Passola has recently taken up the role of Chief of Strategy and Market Development in Private Sector and Partnerships at UNHCR, the UN Refugee Agency. Previously, Jordi has worked with Médecins Sans Frontières/Doctors Without Borders for 20 years in Tanzania, Somalia, Kenya, Guatemala, Spain and Switzerland. We met with Jordi to learn from his experience about the role individuals and companies play in societal causes, today and in the future, to explore changes in philanthropic culture and the donor landscape, as well as what the future holds for fundraising and the humanitarian sector at large.

Jordi, please tell us how futures thinking applies in a humanitarian organisation like the UNHCR?
There is a tendency in humanitarian organisations to be short-term and emergency oriented but the mandate of UNHCR is also to facilitate durable solutions. As a strategist, I look at the future from a long-term big picture perspective to identify trends and strategic directions in the area of private sector fundraising and partnerships. Some of the giving trends we saw before COVID-19 have been accelerated by the pandemic and there are new ones being introduced. We have to take them into account because they will have an impact on the way we will engage in the future with individuals and companies in support of humanitarian causes.

How do you see this impacting the donor landscape?
We see a shift towards domestic giving in a context of increased nationalism, borders closing due to the pandemic and a significant increase in local needs in every country. The Edelman Barometer's spring update reveals that 60 percent of people think that we should address the needs at home before we address the needs elsewhere. So, for organisations raising funds for global causes like refugees or climate change, the question is whether the increase in domestic giving will be on the detriment or on the top of international giving.

We have also seen an increased sense of solidarity and trust as a reaction to the pandemic at the same time that the economic crisis is having a negative impact on many individuals and corporations. We will have to learn how to navigate these conflicting trends that will have an impact on giving.

Where do donors tend to focus their attention during this time of compounded crises?
Since the 2015 refugee crisis in Europe, the surge of empathy and solidarity for refugees has evolved into a more toxic narrative. In a polarized political context, the level of media interest in the refugee cause has decreased and public interest has been shifting to climate change. With COVID-19, health is now on the top

of the agenda, and with the Black Lives Matter movement we are also seeing human rights back in focus. New generations are driven by values, more supportive of causes than organizations and are looking for meaningful ways to change the world.

Do you see the role of companies changing when it comes to solving global issues?
We are seeing more companies trying to be closer to the problems and be part of the solution, not only giving money but also providing expertise through their core business. Many recent contributions from companies have been in the form of in-kind (goods and services). We also see more companies interested in involving their customers and employees in their efforts to have social impact. As we try to innovate for efficiencies, private sector expertise and engagement is critical. Whether it is in the area of energy, provision of water and shelter, logistics or supply chain management and data, companies have a lot of expertise and experience to share.

Can you give examples?
Companies like Unilever, GAP or Inditex have made large in-kind contributions to UNHCR this year. Bain is providing pro-bono support in the area of strategy, McKinsey on talent management and several law firms on refugee protection. The IKEA Foundation has been very active in the humanitarian space for many years, and our relationship has evolved from a more transactional one into one where they seek to implement solutions with UNHCR to refugee challenges such as shelter and livelihoods. We are also working with companies like Mastercard in the area of digital identity.

How have you experienced the immediate reactions to the pandemic?
We have seen an increase in contributions to UNHCR this year as a response to the COVID-19 appeal. 80% of the emergency donations are from companies, foundations and private philanthropists and around 20% from individuals. The response from corporations has been much stronger than in previous emergencies. We hope that we will be able to develop some of these relationships into long-term multifaceted shared value partnerships.

How do you see new technology impact the donor landscape?
Digital giving is clearly on the rise and we have seen the growth of crowdfunding platforms. Examples include Kiva, through which you can make loans directly to low-income entrepreneurs and Give Directly, that helps families living in poverty by making cash transfers via a mobile phone. We are currently pilo-

ting a product that will facilitate giving and will also provide a platform for an unfiltered exchange between donors and refugees.

Are we headed towards a future where technology will help us track down where the money is going with full transparency?
Yes. Technology is helping not only to connect donors with refugees but also to provide more visibility to where the money goes. This one of the big questions that when money is given to a large humanitarian organisation, so it brings advantages from that perspectives of efficiency and transparency and will make organizations more accountable.

How do you see UNHCR reinvent itself to deliver an added value in the future?
UNHCR is undergoing a big change process to be more agile and more flexible. And in the context of the Global Compact for Refugees and the "whole of society approach", is increasingly playing a convener role between the public and the private sector to facilitate solutions for refugees, forcibly displaced communities and stateless people. ■

Learn more about UNHCR, the UN Refugee Agency here: www.unhcr.org.


The UN
Refugee Agency


FOTO: DFID

PART 4

Long-term speculations

Many of the challenges we will face in the coming decades, such as climate change, economic and social polarisation, have been brought about by short-term thinking. In this final part of the report, we discuss how a longer-term mindset in the corporate world could promote more CSR activities in the future. We also look into the idea of ‘degrowth’, whose advocates believe that we need to lower global production and consumption to develop a more sustainable and just world. But what if we never get to ‘degrowth’? Four scenarios from four different thinkers are presented.

What if we never get to 'degrowth'?

In the year 1972, a seminal and ground-breaking report was published, based on a study that had been commissioned by the Club of Rome. Since publication of the related book, *The Limits to Growth* has gone on to sell over 30 million copies globally and has been largely responsible for jumpstarting global awareness of climate change and the modern sustainability movement.

The report was a detailed explanation of a computer simulation model developed by a team at the Massachusetts Institute of Technology (MIT) on the nature of exponential economic and population growth against finite resources.

The principal conclusion of the study was that resource limitations and resource depletions would not support indefinite economic growth. The outlook of the report was dire. Without changes in the business-as-usual mindset, and without changes to historical growth trends, the limits of earth's resources and ecosystems could lead to a 'sudden & uncontrollable decline in both population & industrial capacity by the year 2072'.

While the report has proven controversial and received criticism from a range of academics, economists, politicians, and business executives, the LTG book was broadly responsible for increasing awareness of human-driven anthropogenic climate change, the limitations of ecological systems, and the need for long-term solutions driven by sustainability practices.

The same year as the report was published, the term 'degrowth' was introduced by the Austrian-French philosopher André Gorz who asked the pivotal question:

'Is the earth's balance, for which no-growth – or even degrowth – of material production is a necessary condition, compatible with the survival of the capitalist system?'

The answer that Gorz came to was obviously a resounding 'No'. He took up this argument again in his 1975 book, *Ecology as Politics*, in which he articulated that simply slowing down growth would not be sufficient – humanity had to make an active effort to reduce consumption.

'Even at zero growth, the continued consumption of scarce resources will inevitably result in exhausting them completely. The point is not to refrain from consuming more and more, but to consume less and less – there is no other way of conserving the available reserves for future generations.'[1]

Degrowth is an idea that encompasses not only environmental or ecological issues, but economic, political, and social ones as well. Degrowth focuses on the need to reduce global production and consumption – not just in relative terms, but on an absolute basis – in an effort to develop a more sustainable, global society based on economic, environmental, and social justice. The degrowth movement advocates replacing the concept of GDP with other measures centred around personal wellbeing, supported by notions of autonomy, self-organisation, community, localism, and personal hap-

1 Andrew McAfee: "More from Less", 2019.

2 Degrowth entry, Wikipedia, en.wikipedia.org/wiki/Degrowth.

3 Note: This list of four outcomes is not exhaustive (nor intended to be).

4 Collapse: How Societies Choose to Fail or Succeed entry, Wikipedia,en.wikipedia.org/wiki/Collapse:_How_Societies_Choose_to_Fail_or_Succeed.

piness or self-actualisation (among others).[2]

The questions emerge: Is this even possible? Can the world achieve a state of degrowth? And is this the optimal solution to address the global challenges of the 21st century?

However, the key question to consider is – *What if*? More specifically, What if we never get to degrowth? What if growth simply continues, uninterrupted, as it has for the past couple centuries?

We will attempt to address this question around degrowth through summarising four potential outcomes,[3] as well as the supporting thinkers and books, to provide broader context and perspective.

Below, we examine a few (but not all) possibilities to provide context for addressing the degrowth question:

Collapse – Is human civilisation vulnerable to some type of collapse event, whether it be environmental, social, economic, or political?

Adaptation – What if a 'collapse' event never arrives? What if humanity simply continues adapting to a changing environment?

Possibilities – What are the possibilities for a better world, based on what we can see currently?

Optimism – Are there reasons to be optimistic that continued growth and technological progress will address or even solve the global challenges we currently face?

THE PESSIMIST: 'Collapse' (Jared Diamond)

'One of the main lessons to be learned from the collapses of the Maya, Anasazi, Easter Islanders, and those other past societies ... is that a society's steep decline may begin only a decade or two after the society reaches its peak numbers, wealth, and power... The reason is simple: maximum population, wealth, resource consumption, and waste production mean maximum environmental impact, approaching the limit where impact outstrips resources.'

Jared Diamond, Collapse: How Societies Choose to Fail or Succeed (2005)[4]

The growth mindset has been the dominant one at least since the dawn of the Industrial Revolution. So why might humanity collectively turn away from it? Jared Diamond, an American geographer, historian, anthropologist, and professor at the University of California, Los Angeles (UCLA), offers a perspective by looking at the decline and collapse of varied civilisations. In an extended analysis of collapse scenarios, Diamond examines historical and prehistorical instances of societal collapse, resulting in drastic decreases in human population size, as well as social, political, and economic complexity.

These collapse events often appear to be driven in significant measure by environmental degradation, declining resources from unsustainable consumption, increasingly hostile neighbours and trade partners, and the inability of such societies to adapt, mitigate, and solve challenges in these areas. Diamond asserts that humanity is now collectively facing – on a much larger scale – the same issues as ancient groups with the distinct possibility of near-term catastrophic outcomes and consequences for much of the global population.

This is the Pessimist take. We as humanity collectively simply have no choice but to change, to change radically, and to change immediately how we live on this planet. Time is running out on the hourglass, and if we do not act now, the result could be disastrous for the future of humanity.

THE REALIST: 'Adaptation' (Vaclav Smil)

'You ask me, "When will the collapse come?"' Smil says. 'Constantly we are collapsing. Constantly we are fixing.'

Vaclav Smil

Vaclav Smil, a Czech-Canadian scientist, policy analyst, and Distinguished Professor Emeritus of the Environment at the University of Manitoba, is sceptical that any catastrophic collapse event is just around the corner. But neither is Smil an optimist, and he is equally sceptical that technology and innovation will solve the immense challenges we face.

For many decades, international agreements have resulted in no significant progress in limiting global GHG emissions across almost all categories. Humanity still is and will likely continue to be for many decades a 'fossil-fuel civilisation'. The implication, according to Smil, is that humanity will have to learn to live with fossil fuels and the side effects of a warming planet and consider how we best go about mitigating these effects for our societies.

In Smil's opinion, the idea that we can transform our global economy and energy sector fundamentally towards renewables and the sharing or circular economy – driven by significantly less consumption – is fundamentally misguided. But he also thinks that the narrative of impending doom and inevitable collapse is implausible. Societies and civilisations across the centuries and millennia have continually been engaged in stages of ascendance, stagnation, or decline, Smil points out, and this trend will likely continue through the current era of fossil-fuel energy sources.

While Smil fully acknowledges the technological developments delivered by Moore's Law, he also sees no reason for optimism that exponential growth will help to solve environmental crises. Smil is also very sceptical of what he calls 'techno-optimists who envision solutions to our immense challenges coming from greater efficiency, shrinking material inputs to economic production, or information technology' or those claiming that 'an artificial-intelligence (AI) singularity of exponentially self-improving machines can save us from the impacts of growth.'[5]

This is the Realist take. We will not transform our civilisation rapidly over the coming decades, but neither does some widespread disastrous collapse event loom in the distance. Technology will not save us, we will not change, we shouldn't be optimistic. Rather, humanity will simply have to learn to adapt.

THE POSSIBILIST: 'Progress is Possible' (Hans Rosling)

'People often call me an optimist, because I show them the

5 Melanie Moses: "Computing a hard limit on growth", Nature, 16 Sept 2019, nature.com/articles/d41586-019-02716-z.

enormous progress they didn't know about. That makes me angry. I'm not an optimist. That makes me sound naive. I'm a very serious "possibilist". That's something I made up. It means someone who neither hopes without reason, nor fears without reason, someone who constantly resists the overdramatic worldview. As a possibilist, I see all this progress, and it fills me with conviction and hope that further progress is possible.'

Hans Rosling, Factfulness:
Ten Reasons We're Wrong About the World – and Why Things Are Better Than You Think
(2018).

Hans Rosling, who was a Swedish medical doctor and professor for international health at Stockholm's Karolinska Institute, gained worldwide fame as a speaker, entertainer, and public educator who used the power data visualisation to demonstrate to audiences areas in which the world has improved significantly and is continuing to change for the better.

Rosling discovered through surveys that even as poverty has been declining globally faster than ever before, most people think that the proportion of the world population living in extreme poverty is rising. He also discovered that many people underestimate global life expectancy, due to lack of awareness of the global success in delivering healthcare services (for example, vaccines) to most parts of the world.

His second discovery from surveys was that people are tremendously interested in issues within global development (health, economic, political, legal, and social) but do not have access to the knowledge and facts, as public health experts and the media do not represent how global development positively changes the world.

While Rosling was frequently portrayed as an optimist, this is not how he saw himself. Rather, he believed himself to be simply presenting the empirical evidence demonstrating that 'many vastly underestimate the progress that the world has made in improving living conditions globally.' In an obituary for Rosling written shortly after his death in 2017, economist Max Roser puts it in the following way: 'Rosling believed that the majority of the world is better off today than at any point in history before. This was his positive message. But he never suggested that this should give anyone any reason to be complacent. He always used his fame to draw attention to the living conditions of the worst off and to denounce the lack of support they were receiving from the large group of people in the world that is living in unprecedented comfort.'[6]

6 Max Roser: "Seeing human lives in spreadsheets: The work of Hans Rosling", The BMJ Opinion, blogs.bmj.com/bmj/2017/02/14/seeing-human-lives-in-spreadsheets-the-work-of-hans-rosling/.

Hans Rosling represents the Possibilist take. The world has been steadily improving for decades, progress is very much possible, and while we do face challenges, we possess the ability to address them collectively through continued action and cooperation.

THE OPTIMIST: 'The Dematerialization Surprise' (Andrew McAfee)

'My story is basic economic theory, phrased in the language of the four horsemen of the optimist: capitalism, tech progress, responsive

government, and public awareness. The story is that in recent years capitalism and tech progress have combined not only to increase human prosperity but also to bring us post-peak in resource consumption in America and other rich countries and finally allow us to get more from less . . . we continue to consume more, but our consumption is now dematerializing. We are entering a Second Enlightenment.'

Andrew McAfee, More from *Less: The Surprising Story of How We Learned to Prosper Using Fewer Resources — and What Happens Next* (2019).

The more optimistic take on the degrowth question has been highlighted recently by American economist Andrew McAfee, Cofounder and Codirector of the MIT Initiative on the Digital Economy at the MIT Sloan School of Management, in his recent book *More from Less*. Similar arguments have also been advanced by Peter Diamandis and other thinkers and futurists often associated with the Silicon Valley 'techno-optimist' crowd. This take necessitates *decoupling*, which is the idea that continuing technological innovation, disruption, and new ways of production and consumption will drive the next wave of growth and prosperity, while at the same time mitigating and eventually solving unsustainable resource usage and environmental impacts.

McAfee goes on to characterise this as 'The Dematerialization Surprise' in his book *More from Less*.[7] According to McAfee, there is now substantial evidence that Americans were not simply consuming fewer resources per capita (in other words, per person) but also that they were consuming less *in total* of many of the most important building blocks of a modern economy, including materials such as steel, copper, fertiliser, timber, and paper. The decoupling phenomenon is not only occurring on a relative, or per capita, basis, but increasingly occurring on an absolute basis. A study of the use of 100 commodities in the United States from the years 1900 to 2010 found that 36 of those had peaked in terms of absolute usage and another 53 had peaked relative to the size of the economy (though not yet absolutely). However, there are signs that most of these 53 are reaching a tipping point where they are poised to begin declining in overall usage.

While it is difficult to assess from data whether the broad and deep dematerialisation occurring within the American economy over the past couple of decades – a 'great reversal of our industrial age habits' – is isolated to the US, there is some evidence that this trend is going global. Eurostat agency data has shown that Germany, France, and Italy have experienced flat or declining usage of metals, chemicals, and fertilisers in recent years. While India and China and other fast-growing economies have probably not yet reached the point of dematerialisation, there is reason to believe that they may follow similar paths, eventually decoupling and dematerialising their economies and societies in the not-too-distant future.[8]

This is the Optimist take. Growth, technological development, and innovation are actually solving the global challenges that less sustainable growth created. The argument is not for 'less growth', less technology and innovation, but significantly more growth. The solution is not degrowth, but rapid

7 Andrew McAfee, 'More from Less' (2019); Chapter 5 " The Dematerialization Surprise", pp. 75-85.

8 Andrew McAfee, 'More from Less' (2019); Chapter 5 "The Dematerialization Surprise", pp. 75-85.

growth, and we can innovate our way out of these problems.

CONCLUSION: 'Everything on the Table'

'Well, when events change, I change my mind. What do you do?'

Paul Samuelson, *Meet the Press* (1970)

We have explored, considered, and presented four different possible outcomes or responses to the question *'What if we never get to degrowth?'*.

Across the four different outcomes, there are certainly strong reasons and evidence for pessimism (Jared Diamond), realism (Vaclav Smil), possibilism (Hans Rosling), and optimism (Andrew McAfee).

When thinking about ideas of growth, prosperity, progress, sustainability, technological innovation, and how we choose to live, the answer is that we have to consider all four of these outcomes, keeping 'everything on the table'. The future simply holds too much risk and uncertainty to choose one particular path.

Hopefully, this exploration has helped to broaden your mindset and deepen the conversations that you may have. The global challenges that we collectively face are extremely important, and the ability of humanity to navigate successfully and prosperously through the remainder of the 21st century involves our critical engagement now with how we think about growth and sustainability.

NOTE OF CAUTION: 'End of the World Predictions'

'This is my long run forecast in brief: the material conditions of life will continue to get better for most people, in most countries, most of the time, indefinitely. Within a century or two, all nations and most of humanity will be at or above today's Western living standards. I also speculate, however, that many people will continue to think and say that the conditions of life are getting worse.'

Julian Simon (1997)[9]

Since the dawn of civilisation from millennia past, prophecies and warnings of impending doom or collapse have repeatedly come forth across a range of societies, from the ancient prophets to modern thinkers, intellectuals, and critics.

Such prophecies and warnings have not halted simply because we have entered the age of reason, industrialised civilisation, and the interconnected, globalised world of the 21st century. In many cases, such warnings have picked up pace – often due to the challenges around understanding and adapting to a modern, accelerating, and technologically-advanced global society and economy.

<u>Human Psychology:
Individual Optimism & Social Pessimism</u>[10]

There is something peculiar about human nature when it comes to thinking about the future. This is captured with the dichotomy that people tend to be optimistic when it comes to their own future prospects while at the same time being deeply pessimistic about the broader world.

9 Ed Regis: " The Doomslayer", Wired Magazine, 1 Feb 1997 wired.com/1997/02/the-doomslayer-2.

10 This section is based heavily on the work of Max Roser and Mohamed Nagdy (2014) - "Optimism and Pessimism". Published online at OurWorldInData.org. Retrieved from: ourworldindata.org/optimism-pessimism'.

An idea has been popularised that the human brain has an *innate optimism bias* built into our neurological wiring. Why, despite this optimism bias, are people so broadly pessimistic about the world at large in the future over the long term?

How can we reconcile this individual optimism with social pessimism? Paul Dolan, professor of behavioural science at the London School of Economics, believes people respond pessimistically to questions about national or international performance for three reasons:

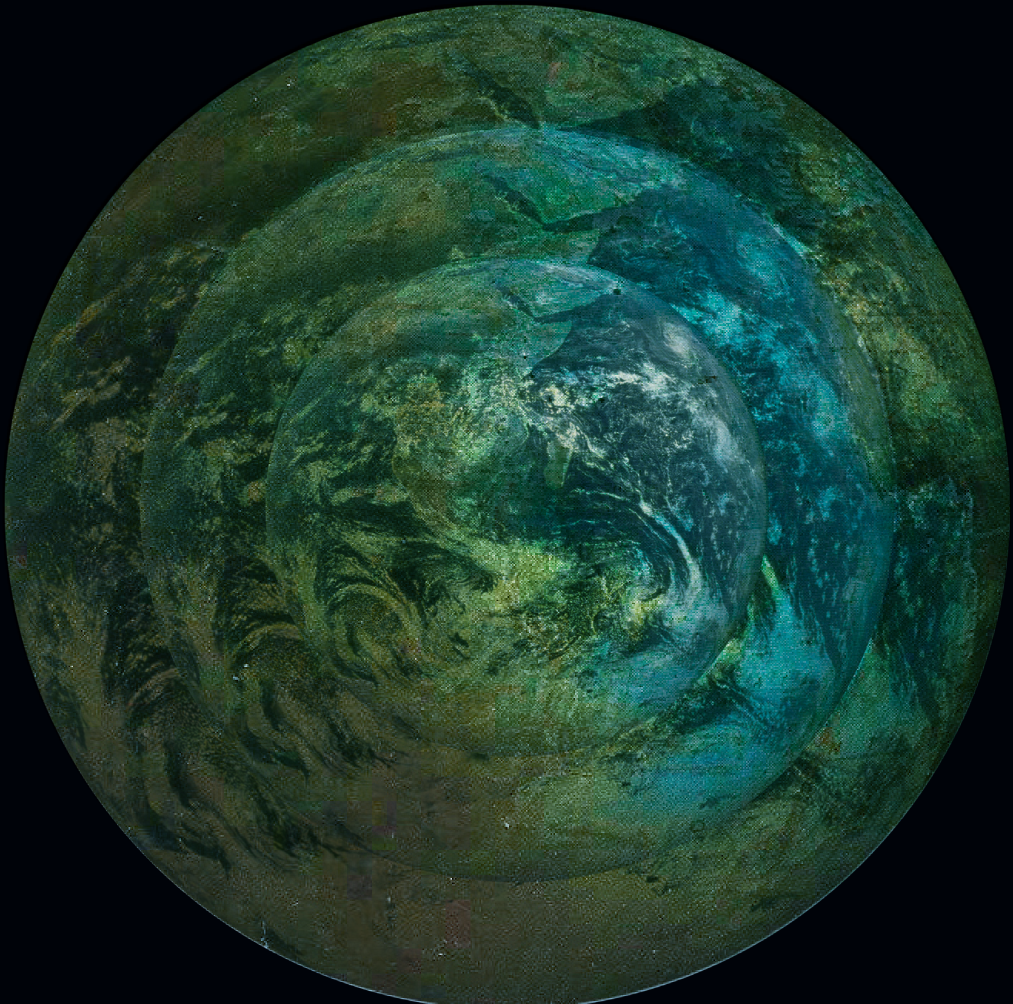
1. Individuals rarely think about grand issues such as the state of the nation or world, and so respond with an 'on-the-spot' answer that may not be well-considered or even a true reflection of their beliefs.

2. The framing can influence the individual's response. Moreover, the question itself may bias responses; 'who would bother to ask if everything were okay?'

3. Responses to questions such as these (and more general questions about happiness or life satisfaction) are heavily influenced by ephemeral recent events. In psychology, this is referred to as the 'availability bias'.[11]

This explanation suggests there is a problem of information. If we do not pay attention to human development, then our judgement may suffer from a bias related to transient events or framing. ■

11 Max Roser and Mohamed Nagdy (2014) - "Optimism and Pessimism". Published online at OurWorldInData.org. Retrieved from: ourworldindata.org/optimism-pessimism'



A shift towards corporate longer-term thinking?

SHORT-TERM VERSUS LONG-TERM THINKING

Companies are typically judged by their year-over-year performance or even quarterly results. This creates inducement to make a strong showing every year or even every quarter, with the trade-off being a reduced focus on long-term investments and long-term thinking that could build a company's position over many years. This may be especially true for companies led by professional CEOs of publicly traded corporations rather than e.g. family-driven businesses. CEOs are often awarded large bonuses for creating short-term profits, and this encourages risk-taking to create such profits. If the risk-taking results in failure and big losses, and the CEO is fired as a result, they can often look forward to leaving with a golden handshake that may well exceed the hoped-for bonus (as when Thames Water CEO Steve Robertson was awarded a £2 million pay-off earlier this year after he was fired for a series of failings during his three-year tenure).[1] In fact, a study by Exechange suggests that more than half of exiting CEOs are fired rather than quit of their own accord and that being fired is rarely a detriment to being hired by other companies.[2] It doesn't matter much for CEOs if their company's long-term survival is at stake since their personal fate isn't associated with that – they can move on to another well-paying job. The global median tenure of CEOs is just five years.[3] Hence, there is little personal inducement for a CEO to make long-term strategies, whereas there is much inducement for creating short-term profits, no matter the risk or long-term cost to the company.

A 2016 study from corporate-governance research firm MSCI found a negative correlation between CEO pay and stock-price performance (i.e., the higher the pay, the poorer the performance, on average),[4] and this pattern was confirmed in a 2018 study from George Washington University School of Business.[5] The main reason is thought to be that CEO pay structures, where most of the compensation is given in stock and equity-linked incentives, lead to short-term thinking, often at the cost of investments that benefit the company's long-term survival such as properly educating and rewarding lower-rank employees. Board member compensation is often subject to similar structures encouraging short-term thinking. Because of this incentive system, a growing share of the profits is paid out while less is reinvested in the productive capacity of the firm, including R&D, employee training, and lower-level employee rewards. According to the Roosevelt Institute, in the 1970s, stockholders took out about 33 percent of a US company's profits (or 1.7 percent of GDP), while since 2000, stockholders get more than 70 percent (or 4.7 percent of GDP),[6] leaving fewer funds for innovation and other survival factors. This may be good, in the short term, for shareholders, the board, and the CEO, but it is not indicative of the

1 Jammie Nimmo: "Thames Water chief who was slammed for leaks and high bills walks away with £2m pay-off", This is Money 2020, bit.ly/2DUWWCP.

2 Jeanne Sahadi: "Up to half of exiting CEOs don't quit. They get fired", CNN Business, cnn.it/2CjaQhB.

3 "CEO turnover at record high; successors following long serving CEOs struggling according to PwC's Strategy& Global Study", PwC, pwc.to/2C5AHt8.

4 Theo Francis: "Best-Paid CEOs Run Some of Worst-Performing Companies", Wall Street Journal, on.wsj.com/38wf55f.

5 Nicholas J. Price: "CEO Pay and Company Performance", Diligent Thinking, bit.ly/38xxK0D.

6 Mike Konczal, Director of Roosevelt Institute: "The Shareholder Revolution Devours Its Children", The Nation 2018, bit.ly/3awCqoi.

company's long-term survival. In a possible reflection of this, the 33-year average tenure of companies on the S&P 500 in 1964 narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027.[7]

We can compare this situation with the factors that support business longevity. Studies investigating such factors generally find (not surprisingly) that business longevity depends on taking the longer view rather than looking for quick profit. Long-lived businesses continuously innovate to meet changing customer demands and market conditions; they maintain organisational systems that build employee empowerment and involvement; they have clear missions and visions beyond just making money; and they have long-term strategies that align with these goals.[8]

In Japan, more than 20.000 companies are at least a century old, and some are more than a thousand years old. Such companies are known as *shinise*. A recent study found that a key part of their success was maintaining high social standing.[9] Shinise firms embody and reproduce local community values, and they show commitment to the welfare of the community. There is a strong emphasis on longevity and tradition over short-term profits.

Professor Makoto Kanda of Meiji Gakuin University, who has studied shinise for decades, says that Japanese companies can survive for so long because they are small, mostly family-run, and they focus on a central belief or credo rather than solely on making a profit (though their lifespans also benefit from a Japanese corporate culture that has long avoided mergers and acquisitions). This supports the idea that business longevity is tied to values and long-term planning over quick profit-making.

CORPORATE LONG-TERM THINKING AND CSR IN THE FUTURE

It is not a given that long-lived companies will involve themselves in more CSR activities than short-lived companies, but there is evidence that CSR activities can benefit company longevity. A 2011 academic study finds that CSR policies increase productivity, effectiveness, and efficiency that encourage innovation while also creating savings and improving performance and hence longevity. It can also attract capital thanks to the improvement of the company's reputation and make the company more resilient to crises, since company decisions continually take environmental and social factors into account. The integration of CSR in the strategy will give companies a stronger aptitude of surviving in a changing environment and through crises.[10] A 2018 study of eight long-lived companies in South Korea found that the long-term survival of a company is determined not only by its economic performance but also its social performance.[11]

It is commonly believed that the 21st century will be characterised by recurring crises. We have already experienced three such crises: the bursting of the dot-com bubble in the first years of the century, the 2008 financial crisis, and the current COVID-19 crisis. In the coming decades, we can expect crises relating to sovereign debt, overpopulation, refugee migration, and climate change as well as more financial crises and likely more pandemics. Devastating wars cannot be ruled out. Corporate resilience will be an important factor for companies to make it through

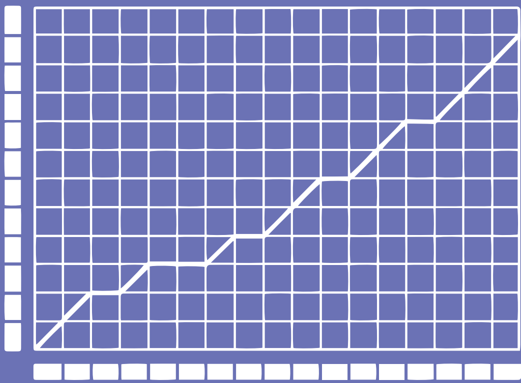
7 Scott D. Anthony, S. Patrick Viguerie, Evan I. Schwartz & John Van Landeghem: "2018 Corporate Longevity Forecast: Creative Destruction is Accelerating", Innosight 2018, bit.ly/3kx1rEl.

8 Angelo Riviezzo, Mika Skippari, Antonella Garofano: "Who wants to live forever: exploring 30 years of research on business longevity", Business History 2015, bit.ly/2E2VxdT.

9 Innan Sasaki, Davide Ravasi & Evelyn Micelotta: Family firms as institutions: Cultural reproduction and status maintenance among multi-centenary shinise in Kyoto, Lancaster University 2019, bit.ly/3gNKOlV.

10 Jean-Michel Sahut, Sandrine Boulerne, Medhi Mili & Frédéric Teulon: "What relation exists between CSR and longevity of firms?", SSRN Electronic Journal, bit.ly/2C7EpT3.

11 Se-Yeon Ahn & Dong-Jun Park: "Corporate Social Responsibility and Corporate Longevity: The Mediating Role of Social Capital and Moral Legitimacy in Korea", Journal of Business Ethics 2018, bit.ly/3acztZV



1 See e.g. ISS 2020 Vision: New Ways of Working – the workplace of the future, bit.ly/2OehDeV.

2 Hamza Aliyu Galadanchi1, Lily Julienti Abu Bakar: "A Study of Factors That Support Longevity of Business Enterprises", IOSR Journal of Business and Management, bit.ly/2ZIci4R.

FACTORS IN BUSINESS LONGEVITY

Innovative capability: Creativeness, innovation, and flexibility are crucial for survival in a harsh economic market with emphasis on extensive innovation in products, services, and functionality, within financial constraints.

Good organisational systems: Quality management, manufacturing, or production systems with well-structured and maintained sub-systems that improve employee empowerment, connectivity, and unambiguousness.

Human and material resources: Allocation of money and time to build employee involvement and empowerment; building and sharing employee knowledge; aligning internal resources and skills with external threats and opportunities.

Organisational culture: Values, philosophies, and business objective (mission and vision statements). Assumptions, attitudes, and feelings among employees. Four organisational structures (the Competing Values Framework) can aid sustainability: Clan, Adhocracy, Market, and Hierarchy.[1]

Strategy: Strategies that are aligned with business objectives, excellence, and continual good performance. Sustaining competitive edge and maintaining core capabilities.

Source: IOSR Journal of Business and Management[2] these crises, and as seen above, CSR can help in achieving resilience. Having your customers' and employees' CSR can create loyalty that will get you through bad times. (For more on corporate resilience, see CIFS Members' report 1/2016: *How to be Resilient in the 21st Century)*

Other factors may also support a shift towards more long-term thinking as well as CSR activities in companies. Below, we examine four such factors: increasing human longevity, a post-scarcity economy, updated reward systems, and new measures of growth.

INCREASING HUMAN LONGEVITY

The average human lifespan in developed countries has increased from around 45 years in 1840 to around 83 years today – a nearly linear increase of an additional year of life every 4.2 years, or almost three months every year.[12] With advances in medical technology and quality of life, we can expect this trend to continue into the foreseeable future – and maybe even increase in pace with innovations in genetic technology, synthetic biology, and artificial organs. Each generation can expect to live 10-15 years longer than their grandparents and hope for much more. If you anticipate living a very long life and that your children will live even longer, you naturally gain a longer-term worldview, and this is also true for company owners and managers. This longer-term worldview may well be reflected in a greater focus on sustainability, both for your company and for the world at large. Sustainability – in human, economic, and environmental terms – will not just be a sales parameter; It will be about creating or maintaining a world that you want you and your children to live in. This is true whether you are responsible for a company or a family.

12 Our World in Data, ourworldindata.org/life-expectancy.

POST-SCARCITY ECONOMY

It is believed by many future thinkers, from John Maynard Keynes and Anthony Giddens to Cory Doctorow and Karl Schroeder, that technological progress in a few decades can create a society where nobody – even in the developing world – will lack anything essential. Sustainable energy production can make energy almost free. The cost of solar power declines by about 10 percent a year or 65 percent a decade, which, if the trend continues, will make energy in 2050 cost just 4 percent of what it does today, sustainably. Robots, artificial intelligence, and 3D-printers can replace more and more human labour, making products and services almost free and liberating humanity from routine work tasks. Recycling powered by cheap, sustainable energy can make resource scarcity a thing of the past. Feeding 10 billion people would be possible today if we had no food waste, and with farming techniques being developed today, we can feed even more people, sustainably. We may be able to afford all that we need, and most of what we desire, by working just a few hours a week. If companies are to survive in such a world, they will have to do more than just produce cheap goods and services: they will have to provide added value of whatever kind customers demand, which may well imply taking an active part in making the world a better place. Before then, being seen to work towards a post-scarcity economy can generate massive amounts of CSR, as seen, for example, in the support given to producers of open-source software and open-content science and culture, enabling the development and maintenance of projects like Linux, LibreOffice, WordPress, Wikipedia, and ScienceOpen.

UPDATED REWARD SYSTEMS

Today, we reward and celebrate people and companies that make a lot of money in the short term. Corporate profits, high wages, and capital income tend to be taxed relatively lightly, and multi-millionaires and corporations can often escape paying taxes through legal tax avoidance measures. There are, however, signs that this may be changing. Some US states, including California, are considering heavy taxes on companies that have a large wage gap between CEOs and average workers, citing a current average gap of 278 to 1.[13] During the COVID-19 crisis, many countries have introduced restrictions on companies receiving government aid; In the EU, France, Poland, Belgium, and Denmark are all refusing to offer bailouts to companies linked to offshore tax havens.[14] The IMF advocates carbon taxes,[15] dozens of countries around the world have introduced a financial transaction tax (FTT) intended to curb high-frequency trading, and a substantial FTT is being considered in the US.[16] India is considering making CSR spending tax deductible or even making CSR spending mandatory.[17] Such carrot-and-stick methods encourage sustainable behaviour like reducing inequality and pollution and disparages short-term thinking. In the future, we may even see the introduction of Chinese-style social credit, where companies gain or are denied benefits depending on their CSR activity. Reward systems may also be consumer-driven, e.g. through apps like Buycott, which helps consumers support certain causes and boycott others through their purchases, or through labelling that makes it easier for consumers to buy sustainable or fair-trade products (though an issue here is the lack of standards and transparency in such labels).

NEW MEASURES OF GROWTH

Today, economic growth is measured by gross domestic product (GDP). However, GDP is subject to increasing criticism, e.g. for not being a very good measure of national well-being and for ignoring negative effects like inequality and climate change.[18] Goods that are being destroyed, e.g. as a result of planned obsolescence (where products like electronics or textiles are deliberately made to not last),[19] do not count against GDP and may indeed benefit GDP because consumers are forced to purchase the same things over and over again. This is not sustainable, and numerous alternatives to GDP have been proposed (and used to some extent) that take other factors into account, such as the Human Development Index (HDI).[20] If a nation replaces its measure of growth with a measure that includes e.g. equality, sustainability, and public health, legislation and policies will naturally change to reflect these priorities, and this will in turn be reflected in the priorities of companies. Such a shift is underway in nations like New Zealand, Finland, and Iceland.

IMPACT INVESTING

A growing funding trend is impact in-

13 Jow Rihn: “California Considers Tax on Companies with Large CEO-Worker Pay Gaps”, Capital & Main, bit.ly/3fbEEv6.

14 Sam Meredith: “These European countries are refusing to offer bailouts to companies linked to offshore tax havens”, CNBC, cnb.cx/3fbZQAY.

15 Ian Parry: “Putting a Price on Pollution”, IMF, bit.ly/3feWI7o.

16 Aaron Klein: “What is a financial transaction tax?”, Brookings, brook.gs/2CenfmN.

17 “Make CSR spend tax-deductible, recommends panel”, Business Online, bit.ly/31YNAjy.

18 Amit Kapoor & Bibek Debroy: “GDP Is Not a Measure of Human Well-Being”, Harvard Business Review, bit.ly/2OdohSY
David Pilling: “5 ways GDP gets it totally wrong as a measure of our success”, World Economic Forum, bit.ly/2Doge3f.

19 Evelina Utterdahl: “Planned Obsolescence”, GoClimate 2019, bit.ly/3kxZCqS.

20 Human Development Index, bit.ly/2ZgWTtC.

vesting, an investment strategy that not only generates financial returns, but also creates constructive outcomes. Investors who use impact investing as a strategy consider a company's commitment to corporate social responsibility, or the company's sense of duty to positively serve society as a whole, before they become involved with that company.[21] A 2019 survey of 84 Nordic investors found that 92 percent of investors believe impact investment is a good way to meet social and environmental goals, while 83 percent expect their impact portfolio to deliver at or above market rate of return, and 59 percent do impact investment mainly or only for financial return, while 40 percent expect their impact investment to outperform traditional investments in the long term (7+ years).[22] Hence, there is no expected trade-off between investing ethically and getting a good return on investment. This points to more impact investment in the future, especially since impact investment can create CSR among customers and partners. Impact funding may also be a way to ensure next generation engagement in family offices.

A 2019 report on Nordic impact investment found that Nordic investors use impact start-ups for next generation engagement. As the younger generations generally are aligned with the values represented in the UN's Sustainable Development Goals, impact businesses focusing on these areas could attract top next-generation talent. Family offices investing in these types of start-ups will be positioned to attract and engage the next generation within their own families. This is another indicator that CSR is an important part of business longevity: It is easier to attract young professionals if you have a good CSR profile.

Crowdfunding has become a major source of funding for start-ups and small and medium-sized companies. In 2018, worldwide crowdfunding investments exceeded USD 10 billion, with forecasts of reaching almost 30 billion by 2025 according to Statista. Very often, crowdfunders aren't interested in making a profit from their investments but invest solely to get the funded product or service, with a focus on benefit rather than profit – and not just benefit for themselves. Many crowdfunding projects are directly aimed at sustainability, like the ethical investment app Clim8, which has raised more than £1.5 million. Crowdfunding has also been used extensively for social aid during the COVID-19 crisis, for example through the German #Strassenspende campaign.[23]

CONCLUSION

A lot of the challenges we will face in the coming decades – climate change, economic and social polarisation, overpopulation, and more – have been brought about by short-term thinking. There are indicators that this is about to change with politicians and voters increasingly taking these issues seriously, and while the corporate world is still driven by short-term thinking, more companies are taking CSR seriously – not just as a sales gimmick, but as a core value. Since taking CSR seriously seems to benefit both the longevity of companies and their ability to attract and retain young talent, it looks as if CSR is good for companies in the longer term. This may indicate a budding shift towards corporate longer-term thinking. ■

21 James Chen: "Impact Investing", Investopedia, bit.ly/3edWZ9l.

22 Impact Report: Nordic Investors, The One Initiative, oneinitiative.org/investorreport.

23 Karsten Wenzlaff & Ronald Kleverlaan: "What Crowdfunding Platforms Do in Times of #COVID19 and Why Governments Should Use Crowdfunding to Battle the Economic Impact of #Socialdistancing", Crowdfund Insider, bit.ly/2ZRakzs.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