Embracing Social Purpose in an Authentic, Credible, and Effective Way

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With an evidence-based approach to corporate citizenship, business can manage risk, rally stakeholders behind a meaningful mission, and reduce material threats to organizational continuity.

Trust in business and business leaders is at an all-time low,[1] and the rise of value-driven activism from stakeholders, employees, and consumers,[2] demanding complete transparency about social, political, and environmental behaviors, puts them evermore under the microscope.

> *"The primary challenge for our business is the emergence of a highly informed, engaged, and active set of stakeholders who are now empowered by the digital revolution."*
> REPUTATION COUNCIL MEMBER

Meanwhile, businesses' behaviors themselves create material threats to future production, especially where products rely on commodities or finite raw materials that are impacted by climate change or volatile social and political circumstances.

With corporate citizenship approaches such as corporate social responsibility (CSR) and corporate philanthropy, businesses have not succeeded in the resolution of these challenges, and they continue to face reputational risks and existential threats as a result.

When corporate citizenship approaches are ineffective, it is either because they lack resonance as a result of being unrelated to the core mission of the company, or they backfire because they are perceived to be appropriating social issues for financial gain.

> *"Year after year there is a greater expectation that companies will participate in solving the most important social issues."*
> REPUTATION COUNCIL MEMBER

Businesses are beginning to understand that to ensure corporate citizenship resonates with consumers, employees, and investors, they must make a genuine attempt to create positive social value, and perhaps even to make social purpose central to the business operations.

At one end of the corporate citizenship spectrum, socially responsive companies like Whole Foods, TOMS, and Airbnb, have based their business model on social purpose from day one. Their brands and product lines are so intertwined with their social objectives that they may not even exist without them.

At the other end of the spectrum are established businesses that have grown without in-built social purpose. These include most large, global corporations with deep and complex supply chains operating in multiple social, political, and environmental contexts. For such businesses it is likely to be extremely challenging to shift gears to a social purpose-driven strategy.

To create an authentic, credible, and effective corporate citizenship strategy around social purpose, the first step is to recognize that there is no off-the-shelf solution. Social purpose is inherently unique to the business that seeks it.

Businesses looking to find their social purpose need an evidence-based framework for doing so. There are five critical areas in which data can be used to find a clear path forward:

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[1] https://www.ipsosglobaltrends.com/is-public-trust-in-business-really-broken/
[2] https://reputation.ipsos-mori.com/the-biggest-issues-currently-facing-corporate-communicators/

1. Risk and materiality.

Geopolitical risk assessment can help a business understand the existential threats from the contexts in which it operates, whether they come from the physical environment, resource depletion, political instability, technological disruption, or elsewhere.

*"To focus on genuineness
and transparency is not always easy
for companies with complex
business models, with partners and
projects around the world."*
REPUTATION COUNCIL MEMBER

Materiality assessments focus on the nature of the business itself, the negative externalities it creates (such as damage to the environment, or the unhealthy lifestyles of consumers), and what challenges it is best poised to help to resolve.

Focusing on what is materially relevant to a business is the most important piece of understanding how a corporate citizenship program is positioned to be authentic, credible, and effective, and will be central to storytelling around the values of the business.

2. Consumer attitudes and behaviors.

Positive social outcomes are usually highly socially desirable concepts, so when consumers are quizzed on their importance, it is likely that they will have more favorable attitudes than their behaviors will reflect.

*"A lot of people are not looking for
products or services, but they
are looking to make an investment, to
buy into a particular brand that
supports their lifestyle and aspirations."*
REPUTATION COUNCIL MEMBER

Combined with what behavioral science tells us about competing priorities, enablers and barriers (where someone intends to do something, but there are psychological and structural factors impacting their actual behavior), it is essential to dive deeper into actual behaviors to understand the impact of consumer values on a business.

Observational and experimental research techniques,[3] such as tracking of real-life consumer behavior and testing consumer responses to different options, can help businesses to understand how consumers are engaging with them in real life. Such techniques may also be used to understand employee and investor behaviors.

3. Key stakeholder values.

Consultations with company leadership, investors, employees, and consumers can identify areas of value resonance and misalignment risk.

*"People are now motivated by mission
as much as money. This is something
millennials have brought to the
party, but it also goes beyond them."*
REPUTATION COUNCIL MEMBER

The perspectives of stakeholders are not only important for the materiality assessment described above, but are also central to ensuring that the path chosen is one that stakeholders are able to support, and even become ambassadors for.

Alignment with stakeholder values, however, is not enough on its own. Businesses must leave no gap between what they say and what they do, or they run the risk of inauthenticity. This is where a commitment to impact and transparency is important.

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[3] https://www.ipsos.com/en/ipsos-encyclopedia-usage-attitude-surveys-ua

4. The impact of solutions.

A corporate citizenship strategy based around social purpose gives rise to the need to understand and communicate about the impact of the strategy.

Measuring social value creation is about understanding the degree of positive social additionality, rather than the degree of harm reduction as is found in, for example, environmental metrics. This shift in focus requires a wholly different toolkit than the ones that many businesses are used to using.

> *"People want to know whether the program is making a difference. Right now, we can't answer that question. Given the amount of money we are spending, it is not acceptable."*
>
> *REPUTATION COUNCIL MEMBER*

Impact has frequently been addressed by stating how many people have been "reached" by an intervention, but this is insufficient. What is important is the extent to which the program has had a positive outcome for those reached.

This requires the use of impact evaluation techniques developed in the social sciences and used in the public policy and traditional development fields over the past two decades.

5. Effective messaging.

Once a business adopts a social purpose-driven corporate citizenship strategy, there remains the challenge of bringing the initiatives that fall under that umbrella together in a way that effectively communicates their overall return on investment (ROI) to the business.

Particularly for publicly traded companies that have fiduciary responsibilities to their shareholders, the business case for this work needs to be documented and communicated effectively.
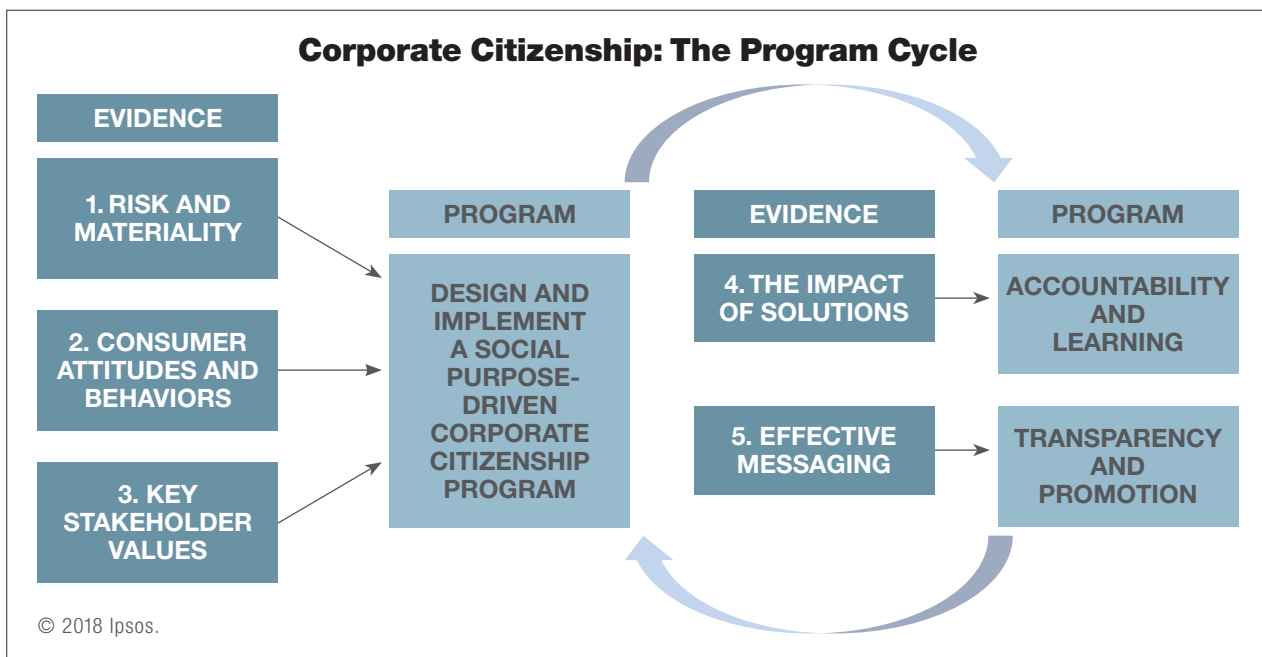
> *"Another challenge is how to combine the B2B communication and the B2C one: it is not easy to find a single 'narrative,' since the needs and the requests of the different actors are different."*
>
> *REPUTATION COUNCIL MEMBER*

For most companies, data is used throughout business to track financial performance, employee performance and satisfaction, consumer and stakeholder campaigns, brand equity, corporate reputation, the impact of social interventions, and more. Metrics mapping is needed to understand where data is located within the business and how it is reported upwards.

Embedding corporate citizenship and social-purpose metrics in data collection occurring throughout the business is the only way to get to an ROI on sustainability that is responsive to multiple stakeholders as well as the business as a whole.

These five areas of investigation can be arranged around the corporate citizenship program cycle, where assessments of risk and materiality, consumer attitudes and behaviors, and key stakeholder values feed into the design and implementation of a social-purpose driven corporate citizenship program. Solution impact measurement and message testing can then be planned into the program delivery cycle to ensure ongoing learning and accountability, as well as effective program promotion.

Corporate Citizenship: The Program Cycle

EVIDENCE			
1. RISK AND MATERIALITY	PROGRAM	EVIDENCE	PROGRAM
2. CONSUMER ATTITUDES AND BEHAVIORS	DESIGN AND IMPLEMENT A SOCIAL PURPOSE-DRIVEN CORPORATE CITIZENSHIP PROGRAM	4. THE IMPACT OF SOLUTIONS	ACCOUNTABILITY AND LEARNING
3. KEY STAKEHOLDER VALUES		5. EFFECTIVE MESSAGING	TRANSPARENCY AND PROMOTION

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There is no question that the operating environment of business is in a period of rapid transition. However, while this may be perceived as a threat, in reality it can be a significant opportunity. With an evidence-based approach to defining social-purpose, businesses can rally stakeholders behind a meaningful corporate mission, reduce existential threats and bolster business continuity, and increase competitive advantage via an authentic, credible, and effective corporate citizenship program.

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