



foreword

IF CSR IS TO BE DEFINED AS THE BUSINESS CONTRIBUTION TO SUSTAINABLE DEVELOPMENT, THIS IMPLIES A DIRECT LINK TO INNOVATION.

ONE OF THE WORLD'S LEADING SCHOLARS ON CSR INNOVATION, PROFESSOR CÉLINE LOUCHE OF THE VLERICK LEUVEN GENT MANAGEMENT SCHOOL, IN BELGIUM, COMMENTS ON THE STATE OF CSR IN AUSTRALIA ANNUAL REVIEW 2011/2012.

For corporate social responsibility (CSR) to become impactful and create value, it requires innovation and change. CSR is not just about putting on a new coat or a new layer of paint to look better, nicer and fresher. It is about in-depth changes where innovation and creativity are key components. It is about new ways of creating and capturing value based on the concept of sustainable development. This understanding and implementation of CSR is of course complex but leads to innovation for competitiveness.

CSR has gained recognition and the business community has been developing significant and genuine efforts to contribute to sustainable development. The maturity level of CSR today goes beyond the 'nice-to-have' and 'do-no-harm' approach. This is a crucial step in the development of CSR to move towards a more strategic approach and to support the integration of social and environmental concerns into business activities and operations. But can we yet talk of strategic and innovative CSR? Have we reach the turning point where CSR has shifted from risk management towards a more progressive and entrepreneurial approach that seeks to create value and identify sustainability opportunities for strategic innovation?

The State of CSR in Australia Annual Review 2011/2012 shows that on the one hand CSR stimulates the creation of new products and services but on the other hand there is a disconnect between innovation and CSR. As the report shows, CSR innovation is still a "happy accident" that happens now and

then but with no strategic intent. In other words, the potential value creation of CSR is not yet fully considered.

CSR AND INNOVATION, A NECESSARY LINK?

The Brundtland Report 1987 was clear that sustainable development was to be understood as a process of change that would establish new processes and outcomes for development. If CSR is to be defined as the business contribution to sustainable development, this implies a direct link to innovation. Therefore rather than trying to fit social and environmental questions into the existing practices and activities through unsatisfactory add-ons, companies need to re-think and re-frame their approach to CSR in ways that affects the company as a whole and provide an orientation to innovation. Merely doing better what we are already doing is not sufficient to meet the needs and aspirations of CSR.

CSR involves new relationships with stakeholders to generate new ideas and convert them into innovation that reshapes the patterns of production and consumption. It requires new processes and outcomes, tools and techniques as well as new knowledge. It touches on the skills of managers because of the complexity and boundary spanning of the issues and challenges CSR is dealing with. It questions the capabilities of organisations. This requires one to think and act out of the box, where creativity and innovation are key.

Linking CSR and innovation can provide ways to overcome the time, measurement,



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buy-in or costs arguments that are highlighted in the report as obstacles to success in CSR. It can create a virtuous circle by treating CSR as framework for value-creating innovation and thereby contributing directly to commercial success.

CHALLENGING AND REWARDING

Achieving success in CSR will be indeed challenging because it requires new business ideas and new ideas on business. The challenge is also to find the way to align innovation with CSR. But while much can be done by 'continuing to do better', it will be more rewarding – at the individual, organisational and societal level - to achieve CSR innovation. That will create opportunities that benefit society and create value that permits businesses to remain competitive.

Professor Céline Louche of the Vlerick Leuven Gent Management School published an edited book in 2010 called Innovative CSR: From Risk Management to Value Creation (with co-editors Samuel O. Idowuand, Walter Leal Filho, Greenleaf Publishing).