**Introduction**

Today, many firms advertise their support of a wide range of different social causes, but they are often not making as large of a societal impact as possible. In this article, Porter and Kramer point out that current corporate social responsibility (CSR) efforts, while maybe well-intentioned, are flawed in their approach. Current CSR efforts pit businesses against society and encourage companies to use generic strategies to show societal support. The authors highlight some important frameworks to improve the effectiveness of these CSR efforts and make them mutually beneficial for both business and society. In this summary, we'll discuss the emergence of CSR, the justifications for it, and how it can integrate business and society if appropriately organized.

**Emergence of CSR**

In the 80s, most companies assumed that their only responsibility was to provide consumers with a great product at a reasonable price. In the 90s, though, companies faced backlash from consumers for contributing to negative societal impacts, such as unfair labor or pollution. Activists began targeting large, visible corporations to help bring attention to causes that the public had ignored. Companies began to address these criticisms with big flashy media campaigns that highlighted their support of prevalent causes (Porter & Kramer, 2006, p. 3). These early CSR efforts led to rankings that showed consumers how much a company was doing for society. Unfortunately, these rankings vary in the criteria considered and often use unreliable data.

**Four Prevailing Justifications for CSR**

As the call for CSR throughout industries has grown, there have been four main arguments supporting it. The first argument is that companies have a moral obligation, or a duty to be good citizens and "do the right thing." The next argument is sustainability, which emphasizes the environmental and community stewardship aspect. Third, the idea of license to operate points out that companies need the support of the local government and community to be successful and should therefore work in society's best interest. The final justification, reputation, is a popular factor that drives companies to pursue CSR in the interest of their brand and image. While all four motives are valid, they all have their limitations as well. Additionally, companies must balance CSR decisions with costs (Porter & Kramer, 2006, p. 3-4).

**Integrating business and society**

Therefore, Porter and Kramer point out that companies must understand the interrelationship between businesses and society for CSR to be effective. Business thrives in healthy communities, and society benefits from healthy economies. One way to find the shared value is to identify the points of intersection. A company should first determine its inside-out linkages or how its value chain impacts the community. Next, the company should ensure that these operational touchpoints do not negatively impact the community. The company should also consider the outside-in linkages or the ways in which societal conditions effects business. Factors such as business inputs, laws and regulations, size of local demand, and availability of supporting industries can all play a significant role in success (Porter & Kramer, 2006, p. 8).

Another issue of current CSR efforts is that companies spread themselves thin across a wide range of causes. Porter and Kramer suggest that companies narrow down the number of issues they support by distinguishing them into three separate categories. Generic social issues are important to society but do not significantly impact the company or its long-term success. Value chain social impacts are issues that significantly affect the company's current activities. Social dimensions of competitive context are factors that impact the drivers of competitiveness in areas where the company operates. Once a company can determine which category a cause belongs in, it can start to prioritize its CSR efforts (Porter & Kramer, 2006, p. 9).

Once a company has prioritized its social efforts, it should create a corporate social agenda to help get ahead of social issues. By doing this, companies can establish strategic CSR, which is usually more effective in creating shared value. Strategic CSR occurs when organizations find unique ways to meet the customers' needs while maintaining a positive relationship with society. On the other hand, responsive CSR focuses more on listening to the evolving social concerns of stakeholders. While this method of CSR is also essential for businesses to maintain, it can leave companies continually trying to keep up with society rather than get ahead (Porter & Kramer, 2006, p. 10).

**Organizing for CSR**

For all of these strategies to work, companies must create a culture that encourages employees to create a positive social impact. The mindset must change from a defensive posture that views society as a potential adversary to a perspective that identifies ways that can be mutually beneficial. Organizations can also work better to measure social impact rather than just stakeholder satisfaction. In this way, companies can determine the actual impact of CSR efforts and adjust focus to areas that will create the most societal change (Porter & Kramer, 2006, p. 14).

**Summary**

While any support of a good cause can benefit society, companies have the power to make a more substantial difference if CSR efforts are correctly focused. As Porter and Kramer point out in this article, if companies approach these challenges with the right mindset, they can drive lasting societal improvement while also advancing their business. The key is to focus efforts on causes that the company can offer quality support to. Additionally, companies must take a strategic approach to these initiatives rather than treating them as flashy marketing campaigns. Ultimately, if businesses and society can learn to work together towards shared value, the world might become a better place.

References

Porter, M. & Kramer, M. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. Harvard Business Review. <http://www.hbrreprints.org/>