
CSR: a new model for capitalism?



By [Stuart Pallister](#), INSEAD Knowledge, with [Mrinalini Reddy](#) [Harish Manwani](#) and [Anil Gupta](#)

Brands must have a social mission, says Unilever executive, Harish Manwani, adding that his company works with health organisations to promote hygiene education. "In the end, we sell a soap," he says, "but that soap has a social mission."

For some, capitalism is synonymous with the notion of shareholder value. But for others, the stakeholder holds greater sway and that concept extends beyond just those directly linked to a particular company to the community in which it operates.

At INSEAD's Leadership Summit Asia last month, a panel session on new and evolving forms of capitalism quickly shifted to the topic of corporate social responsibility (CSR) and the notion of companies doing well by giving back to the community.

"How do we really make growth not just competitive growth but responsible growth?" said **Harish Manwani**, Unilever's President of Asia, Africa, Central and Eastern Europe. "How do we make consumption sustainable? How do we make businesses responsible? That, to my mind, is the true north of

organisations that is very much going to decide the future of whether you are going to go for the next 100 years or not.”

CSR is certainly not new and some corporations appear to have embraced it, at least in theory. Walmart, for instance, has hosted events like its Sustainability Summit and Sustainable Packaging Expo, in addition to publishing an annual sustainability report. McDonald’s has similar initiatives, with a sustainable supply chain and healthier menu choices. The Body Shop has built its entire brand and business around ethically responsible practices.

Brands must have a social mission, said Manwani. “When you are in the business of fast moving consumer goods, we believe that the best leverage we can provide in terms of making that little bit of difference in society is the fact that billions of consumers use our brands,” he said in an interview with INSEAD Knowledge on the sidelines of the Leadership Summit. With Lifebuoy, one of Unilever’s best selling brands, he explained the company’s partnership with several non-governmental organisations and health organisations to educate the poor of the need to wash hands in order to mitigate the risks of disease. “In the end, we sell a soap,” he said. “But that soap has a social mission.”

“CSR is becoming a bigger agenda but it troubles me how companies look at CSR,” said Anil K. Gupta, INSEAD Chaired Professor in Strategy, who also took part in the panel discussion. At the basic level or ‘CSR 1.0’, as he termed it, companies leverage their financial capital by charitable contributions. At the next level or ‘CSR 2.0’, they leverage their human capital and encourage employees to take time off to work in the community. However CSR can be truly meaningful only in ‘CSR 3.0’ when companies reflect on their organisational capital, core competencies, the whole value chain and analyse how those can be leveraged, said Gupta. “At that point, CSR is not a peripheral thing,” said Gupta. “When it’s your whole value chain being directed and channelled toward CSR, that is when you embrace it.”

But if CSR continues to hold sway, what advice would the panellists have for students seeking jobs and companies that integrate social values and sustainable practices? “It’s all about organisational culture and behaviours,” said Manwani. “People want to have the same values in the office as they do at home.”

For all its benefits, both tangible and intangible, CSR efforts still come at a cost, particularly to shareholders and analysts seeking short-term returns.

“We believe that doing well by doing good is a business model that allows us to grow our business sustainably and profitably,” said Manwani. “At the end of the day, you’ve got to ask yourself, what are the drivers of value in an organisation? Ultimately value has to be sustainable. It has to be longer term. We believe the best value comes out of giving our consumers what they are looking for and catering to the communities in which we live.”

The INSEAD Leadership Summit Asia was held on November 12 at the school’s Asia campus in Singapore.

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