



Corporate Social Responsibility

No longer an afterthought, now a necessity

MarketLine Case Study

Report Code: MLCS0002-007
Published: April 2021



1. Overview

1.1. Catalyst

Since the 1970's, the perception of Corporate Social Responsibility (CSR) has transformed remarkably, fast forward 40 years and the concept is no longer an afterthought for a company but instead is crucial in driving its success. The following report explores where the concept originated and how it has evolved over the years, in what ways effective CSR can be beneficial for a company, how a lack of, or ineffective CSR can damage a company's image and what the future holds for businesses and CSR.

1.2. Summary

Gone are the days when operating a business was simply about increasing profits and generating wealth for shareholders alone, now a company must actively assess the impact it has on wider society and all its stakeholders. In the 2000's, CSR emerged as an essential aspect of operating a large business and since then it has become increasingly prevalent due to the range of benefits being socially responsible can bring. In addition to the moral obligation of being socially responsible, executing successful CSR can bring a range of other benefits such as improving brand image, creating a happier and more efficient workforce and can even drive profitability and growth.

As CSR has transformed from being an afterthought, to a crucial aspect of business, companies worldwide have undertaken activities to solidify their commitments and align themselves with causes they believe in. Sustainability is one of the biggest trends to sweep across businesses, whether that be environmental or ethical. Efforts to ensure employee wellbeing have also become more prominent as awareness of poor practices has increased.

While CSR is widely accepted as being capable of having a positive impact on a business, some companies have failed to adapt quickly enough and have fallen behind the curve. Some of the largest companies around the globe either have a lack of CSR, excel in some areas yet fall behind in others or simply fail to communicate their efforts in an effective way, all of which can in turn have a negative impact on their image and performance.

2020 has been a transformative year for businesses as they faced the reality of global pandemic and were forced to adapt to lockdowns and social distancing measures. The pandemic will undoubtedly boost the need for CSR activities in the coming years, due to the social and economic impact it has had on both businesses themselves and society. The millennial workforce is also expected to further drive the demand for CSR activities amongst large corporations, as the latter attempt to secure the best global talent.

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2. CSR is now a crucial aspect of business

Gone are the days when operating a business was simply about increasing profits and generating wealth for shareholders alone, now a company must actively assess the impact it has on wider society and all its stakeholders. In the 2000's, CSR emerged as an essential aspect of operating a large business and since then it has become increasingly prevalent due to the range of benefits being socially responsible can bring. In addition to the moral obligation of being socially responsible, executing successful CSR can bring a range of other benefits such as improving brand image, creating a happier and more efficient workforce and can even drive profitability and growth.

2.1. The concept of CSR has evolved over the years

In 1970, well-renowned economist Milton Friedman stated that "the social responsibility of business is to increase profits." However, since then social change has brought about a transformation in what is expected of a business. In 1971, the concept of a "social contract" between business and society was reportedly first introduced by the Committee for Economic Development. The concept identified that companies are only able to function and exist due to public consent and demand, therefore, its first objective must be to contribute to society's needs. CSR began to emerge slowly as an important element of business and its popularity soared during the 1980s. However, it was in the 2000s that it became an essential strategy of large corporations which made this concept a key component of their business processes. Today, CSR is no longer an afterthought but a necessity, and can be a determining factor in a company's success or downfall.

The concept of CSR has evolved since its inception, as the awareness of social, economic and environmental issues associated with running a business has grown. According to the United Nations Industrial Development Organization CSR is 'a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.' These concerns include environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labor standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

Figure 1: Key aspects of CSR



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2.2. The benefits of CSR had made it increasingly prevalent

In addition to the moral obligation that large corporations have to act responsibly, there are a range of benefits that can be gained from embracing CSR. According to the 'Redefining business success in a changing world' survey conducted by PwC, 64% of CEOs report that CSR is "core to their business" rather than acting as a stand-alone campaign or initiative. Many companies now view CSR as an integral part of their brand image, in the belief that customers will be more likely to do business with brands that they perceive to be more socially responsible. In this respect, CSR activities can be an important component of corporate public relations and can be used as a powerful branding tool to improve a company's image. A recent report conducted by Reputation Institute, a private global consulting firm based in New York, published in Forbes found that 42% of how people feel about a company is based on their perceptions of the firm's CSR. The company invited 47,000 consumers across 15 markets to participate in a study that ranked the world's 100 most reputable companies. Customers are also much more likely to remain loyal to a brand which has corporate values which align with their own, so it is important to communicate CSR activities in a sincere and effective way.

Another major benefit of a company undertaking CSR activities is the impact it can have on its employees. It is widely accepted that employees who trust in the company they work for are much more likely to advocate for the brand and be committed to their jobs and the customers they serve. Caligiuri et al. (2013) found a positive relationship between CSR and employee engagement, Glavas (2012) proposed that a reason for the positive relationship between CSR and engagement is that employees find greater meaningfulness and values congruence at work. There are also benefits for employees when a company embraces CSR, as the workplace is likely to be a more positive and productive place, and by promoting things like volunteering, personal and professional growth is also encouraged.

The value of CSR is also illustrated by the number of companies which now issue sustainability reports, rather than just featuring a small section in their annual reports. The Global Reporting Initiative (GRI), established in 1997, says that 80% of the world's 250 largest companies now issue sustainability reports that follow its standards. Furthermore, a recent survey by JUST Capital, a not-for-profit sustainability-focused investment advisory firm, found strong public support for companies that act forthrightly in favor of socially sustainable policies. Successful corporations across the globe are now actively pursuing CSR activities that go above and beyond expectations, with giant names such as Google, Apple, Starbucks and Coca-Cola among those corporations. It is clear that companies now accept that being transparent in their CSR efforts is essential in today's society.

3. Effective CSR can bring many benefits

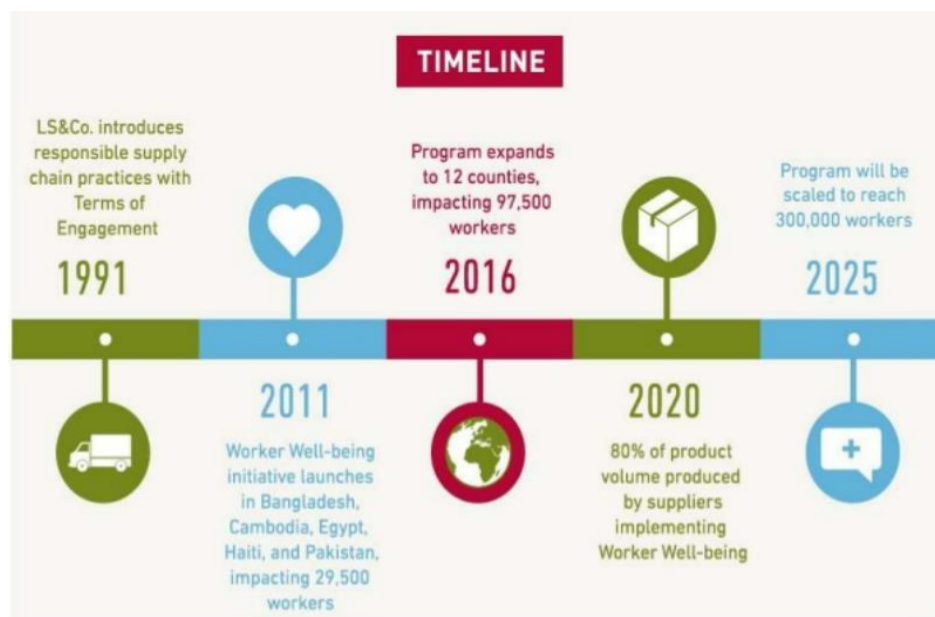
As CSR has transformed from being an afterthought, to a crucial aspect of business, companies worldwide have undertaken activities to solidify their commitments and align themselves with causes they believe in. Sustainability is one of biggest trends to sweep across businesses, whether that be environmental or ethical. Efforts to ensure employee wellbeing have also become more prominent as awareness of poor practices has increased. The following section of the report will explore CSR winners and how different approaches have had positive implications for a range of companies.

3.1. Levi's Worker Wellbeing initiative is a masterclass in social responsibility across the supply chain

In the age of fast fashion, some apparel retail brands are breaking the mold and taking the initiative to improve their workers wellbeing. The controversial practices that lie behind the production of clothing and fast fashion clothing in particular are increasingly under scrutiny, as awareness of these issues has spread. As a result, some apparel brands have made concerted efforts to improve their practices, particularly through their supply chains, in a bid to improve the conditions in which their employees work in. In 2011, Levi Strauss & Co. (Levi's) began piloting the Worker Well-being initiative, with the aim of creating a more sustainable supply chain. Through the approach, the company partners with its suppliers and local organizations to implement programs focused on financial empowerment, health and family well-being, and equality and acceptance.

Since piloting in 2011, Levi's has expanded its Worker Wellbeing initiative to 17 countries, impacting nearly 190,000 workers, which represents 65% of the company's product volume. The program operates on the premise that when workers are content, healthy and engaged, factory productivity will increase. According to the company, the initiative has created proven, sustainable business and social benefits at all levels of the supply chain, including a demonstrated 4:1 return on investment for some programs, supporting the notion that good CSR practices are beneficial to a company's performance.

Figure 2: Timeline of Levi's CSR activities



Source: Levi Strauss

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In its report '2020 in Review: Global Trade Covid Disruption Reveals Changes in Consumption Habits and Rampant Ethical Risks, as China Sourcing Beats the Odds', Qima says the challenges of the pandemic have strongly exacerbated human rights risks in global supply chains. Issues range from increased vulnerability to modern slavery and child labor, to labor violations in factories and less scrutiny on non-virus-related safety measures due to health and safety resources being stretched thin. In order to combat some of these issues, Levi's committed to paying in full for complete and in-progress orders from its suppliers across the world and has provided access to financial support to all of its suppliers to help them weather payment delays. The denim giant issued a public statement saying it was working with its suppliers to find the best way through the global COVID-19 pandemic, together. In February 2021, the company, Children's Place and Kontoor Brands announced that they are funding a program that targets gender-based violence and harassment (GBVH) in four Lesotho jeans factories employing up to 10,000 workers. The program was launched following an investigation which documented a 'deeply concerning' pattern of abuse and harassment at a key supplier's factories in the country. Levi's commitment to its causes throughout the pandemic has cemented its authenticity in the support of worker wellbeing, which will have a lasting, positive impact on its brand image.

3.1.1. Fast fashion brands have suffered due to a lack of social responsibility

A lack of activities to prevent poor working practices across the supply chain can have repercussions for brands, as consumers have become increasingly conscious of where their clothing has come from. The recent allegations which broke out in the July 2020 against the Boohoo group's working practices in its Leicester factories have caused damage to the retailer's reputation. Boohoo shares fell more than 40% in the days following the revelations, while Amazon, Zalando and ASOS temporarily suspended the sale of Boohoo brands. GlobalData's monthly survey of 2,000 respondents conducted in early September 2020 found that 66.4% of UK clothing & footwear shoppers stated that they now feel discouraged from purchasing fashion from any of its brands in the future. This malpractice by an industry leader has also had a huge negative impact on the image of the fashion industry as a whole. In September 2020, 61.2% of shoppers cited that they have been deterred from purchasing from retailers such as Primark and Misguided as a result of the allegations against boohoo, so it is vital for companies to focus more greatly on transparency, as well as highlighting their ethical initiatives via social media, to regain trust amongst consumers. The implications of boohoo's workplace scandal has further highlighted the importance of CSR in the fashion industry and the extent to which a brands image can be damaged when issues come to light.

3.2. Lego is investing heavily to build a more sustainable future

Sustainability used to be just about saving the planet, today it has morphed into an umbrella term for environmental, social, and governance (ESG) issues. In the coming years, sustainability will be the most important theme discussed in boardrooms worldwide and it is already transforming the way that business is conducted.

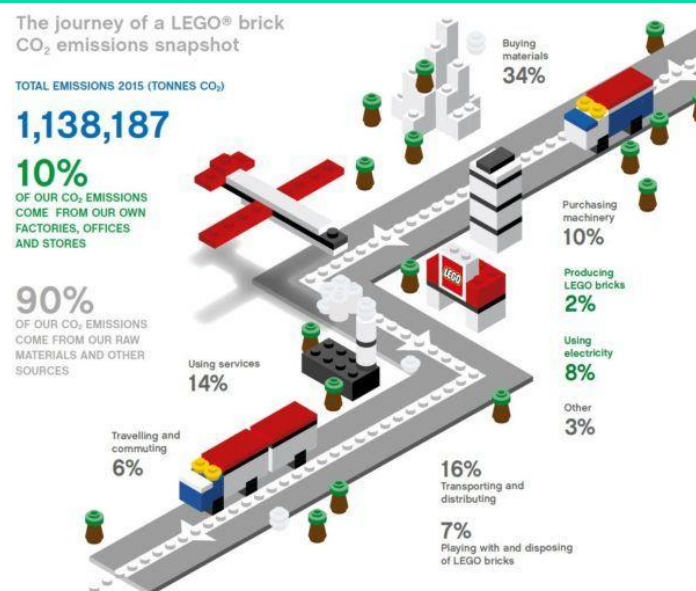
While plastic is an incredible material that has undoubtedly been a staple of human life since it became commercialized, the way in which it has been used and the sheer volume produced has proven to be extremely damaging to the environment. The strong and durable nature of plastic means that waste can take up to 1000 years to fully decompose and since 1950 it is estimated that humans have produced around 8.3 billion metric tons of the material, meaning that all the plastic that has ever been produced has not yet degraded. It is estimated that as of July 2015, 600 billion Lego parts, made from a resilient plastic known as acrylonitrile butadiene styrene (ABS), had been produced. In realization of the impact Lego parts were having on the environment, Lego decided to take action. In 2018, Lego started producing pieces made from plant-based polyethylene, the first of many steps toward achieving its mission of making all bricks sustainable by 2030. The company also came within seven percentage points of reaching its goal of recycling 100% of its operational waste by 2025. Lego currently recycles 91% of all waste, including 100% of the plastic waste from its molding machines.

In September 2020, the company announced its plans to invest up to \$400m to accelerate sustainability and social responsibility initiatives. Its next step is to begin phasing out single use plastic bags used in LEGO boxes to package the loose bricks and from 2021, Forest Stewardship Council-certified recyclable paper bags will be trialed in boxes. In December 2020, it

became the first large toy company to announce a Science Based Target, which commits LEGO to reduce its absolute carbon emissions by 37% by 2032. This covers emissions from its operations which equates to roughly 10% of total emissions and includes energy use in its owned and operated stores, factories and offices. This also includes its supply chain, which equates to almost 90% of emissions including areas such as raw materials and distribution.

As mentioned previously, good CSR practices can have an impact on a worker's commitment to the brand, which in turn can lead to efficiencies in the workforce. This appears to have been the case at Lego, despite the ongoing pandemic. The resulting score was calculated from the answers to four questions in the annual employee engagement survey run by Ennova and called 'the LEGO Pulse'. Despite the challenges of the pandemic, colleagues' motivation and satisfaction were extremely high – above 2019 levels and amongst the strongest of all companies tracked by external partner, Ennova. In 2020, the company exceeded its target with a score of 82 points, 8 points above the external benchmark score of 74.

Figure 3: The journey of a LEGO brick



Source: LEGO 2016 Responsibility Report

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3.3. Salesforce is an example of corporate philanthropy done right

In October 2019, the influential Salesforce founder and CEO Marc Benioff wrote an op-ed column in The New York Times that called for a 'new capitalism' and was a call for businesses to practice social sustainability. Philanthropy includes those corporate actions which answer to the society's expectations, according to which the enterprises are good corporate citizens, and is at the heart of Salesforce's CSR. Salesforce has given more than \$240m in grants, 3.5 million hours of community service, and donated products to more than 39,000 nonprofits and educational institutions. In fact, since becoming a public company in 2004, Salesforce has delivered a 3,500 percent return to its shareholders. One of its major initiatives was its decision to provide \$18.2m in grants to school districts and education nonprofits in San Francisco and Oakland, in September 2019. The money is helped to develop a new science curriculum, enable first-generation college students to begin college preparation, help non-teaching staff in Oakland get teaching credentials, and support the housing, food, legal, and medical needs of students new to the US. Salesforce's global education investment totals more than \$90m.

In 2020, Fortune magazine ranked Salesforce at number six on its list, "100 Best Companies to Work For," based on an employee survey of satisfaction. Salesforce was credited to have a strong corporate culture and its HR practices were said to have been a huge driving force behind its success story. Salesforce's corporate culture is based on the concept of 'Ohana' or

'family', a deep-rooted support system nurtured inside the company. In line with this ethos, Salesforce employees get seven paid days of volunteer time off (VTO) each year. Whether that be volunteering at a school or virtual mentoring to supporting organizations with technical and professional expertise, employees are encouraged to use their VTO in ways that are personal to them. Marc Benioff stated that 'When we finally start focusing on stakeholder value as well as shareholder value, our companies will be more successful, our communities will be more equal, our societies will be more just, and our planet will be healthier'.

4. A lack of, or ineffective CSR can have repercussions

While CSR is widely accepted as being capable of having a positive impact on a business, some companies have failed to adapt quickly enough and have fallen behind the curve. Some of the largest companies around the globe either have a lack of CSR, excel in some areas yet fall behind in others or simply fail to communicate their efforts in an effective way, all of which can in turn have a negative impact on their image and performance. The following section of the report identifies examples of where companies have fallen short, in one way or another.

4.1. Human rights issues continue to plague the tech giants' supply chains

The effects of corporate actions on society are only now being fully realized. Companies can have a significant negative impact on society, sometimes without the knowledge of anyone in the business. Plausible deniability is no longer a good enough excuse. In the tech industry, device assembly is most commonly carried out by contract manufacturing companies (CMCs) such as Flextronics, Foxconn, and Pegatron. These CMCs work on contract for large electronics brands as certain volumes are demanded and these companies can satisfy them. A major downside of outsourcing manufacture/assembly to CMCs is the fact that companies lose (at least to some degree) control of the production process, this has led to some spectacular failings, which have then attracted intense media attention.

In 2010, working conditions at iPhone maker Foxconn in China led to multiple worker suicides as well as mass protests. Foxconn first responded by demanding that workers sign an anti-suicide pledge. Facing an outcry, Foxconn retracted the document and put-up suicide safety nets instead. In 2016 Amnesty International criticized Apple for purchasing cobalt from mines in the Democratic Republic of Congo (DRC) that employ children as young as seven-years-old in dangerous working conditions. The situation has at Foxconn has failed to improve over the past decade, in 2019, it was found to have broken Chinese labor laws in the making of the iPhone 11 by far exceeding legal limits on the number of temporary workers. Also in 2019, the Ranking Digital Rights Corporate Accountability Index gave Apple a score of just 46%, "due to its lack of governance and oversight over human rights risks," and "lack of clear disclosure of policies affecting users' freedom of expression."

Amazon, the world's largest ecommerce company and cloud services provider, has also faced criticism over poor working conditions in its warehouses and accusations of prioritizing worker productivity over safety. Amazon was included in the 2019 Dirty Dozen list of the most dangerous employers in the US, compiled by America's National Council for Occupational Safety and Health. The report cited six Amazon worker deaths between November 2018 and April 2019, and several reports in recent years relating to dangerous working conditions. The ecommerce giant, whose market capitalization was \$1.7tn at the time of writing, also has a supplier relationship with Foxconn and has faced scrutiny over claims that Foxconn used illegal child labor to make Alexa devices for Amazon.

At present, while Apple and Amazon have received criticism from all angles, there appears to have been little impact on their financial performances due to the popularity of the services and products they offer. A recent report (published in 2021) by the Council on Ethics of the Swedish national pension fund, has laid out their expectations of global technology companies regarding human rights, and warned that increasing worries about these issues are eating away at confidence in the firms, which could carry major investment risks. It is therefore crucial that tech giants communicate with external stakeholders, including investors, to account for how they are addressing their impact on human rights.

4.2. Volkswagen emissions scandal showed the company's lack of authenticity

As mentioned previously, environmental sustainability is perhaps the biggest theme impacting markets and industries across the globe and the automotive industry no exception. Prior to its emissions scandal, Volkswagen Group (VW) publicly stated its ambition to become the leading car maker in the world, and central to that ambition was producing diesel engines capable of achieving far improved fuel economy, lower noise and much reduced noxious emissions than had previously been possible. Despite its apparent commitment to improve its environmental sustainability, it was later revealed that the company had deceived its customers and regulators, which has had far reaching implications for the once respected German automaker.

On 18th September 2015, the US EPA sent a notice of violation of Clean Air Act to VW after it discovered the fact that the car manufacturer deliberately programmed diesel TDI (turbo diesel injection) to reduce emissions readings only during laboratory emissions tests. During March 2016 Volkswagen admitted for the first time that Martin Winterkorn had, in May 2014, sent a memo detailing how some VW cars were emitting up to 35 times more nitrogen oxide than laws allowed for. In November of the same year Winterkorn was again told about the problem. Further evidence of knowing but failing to act was subsequently revealed to the world's press, which further damaged public perception of the company.

The impact of the scandal has affected almost every facet of VW's business and has had long lasting repercussions, highlighting the severe backlash which companies can face when there is a lack of CSR. The corporate scandal resulted in a 40% drop in the company's share price in the 2 weeks following it. Upon the spread of the scandal, VW noted a \$7.3bn charge to its earnings in anticipation of fines, litigation costs, and other payouts. However, five year later it is apparent that the estimation was extremely optimistic, as of 2020, the company has noted \$35bn of charges to earnings, a sum which is expected to continue rising. In addition to the financial damage caused by the scandal, the company's reputation was left in tatters and has taken years to slowly improve. According to BrandFinance's yearly annual ranking's, pre-scandal VW was the world's 18th most valuable brand, while in 2020 it was 25th. The scandal has also had an impact on VW's employee's, in 2016 it announced it would eliminate 30,000 jobs worldwide in an overhaul of its operations to counter the damage caused. The VW emissions scandal is undoubtedly a prime example of the failure of CSR and the disastrous impact it can have on a company.

Figure 4: VW share price index from April 2015 to April 2021 in Euro



Source: Yahoo Finance

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4.3. Many are failing to make notable gains on diversity and inclusion

The lack of diversity and inclusion in some industries/companies has become a more contentious issue in recent years and is widely accepted as a universal issue which is a drag on the economy. According to a 2016 McKinsey Global Institute report, global GDP could be \$28tn higher in 2025 if complete gender equality is achieved. The report also states that companies with racial and ethnic diversity have financial returns that are 35% higher than the national industry median. "Companies in the top quartile of gender diversity on executive teams were 25% more likely to experience above-average profitability than peer companies in the fourth quartile," the firm concluded in a more recent 2019 study. "This is up from 21% in 2017 and 15% in 2014." A failure to include a diverse range of talent in a company's workforce can result in a corporate sector that is detached from the communities it sells to, recruits from, and operates in.

Fashion giant PVH, which owns such brands including Calvin Klein, Tommy Hilfiger, and Geoffrey Beene, ranked 83rd on the Great Place to Work list. The company has nearly 16,000 employees in the US and while it ranks well with minorities, which make up 60% of the company, only 18% of the executives are minorities, and the company ranks poorly among people with disabilities and the lesbian, gay, bisexual, transgender, and questioning (LGBTQ) community. Tech companies have also been identified as a group which could do more to support diversity and inclusion. The largest players began publishing annual diversity reports in 2014 but few have made much ground, especially in hiring Black employees. Facebook, for example, has gone from a workforce that is 3% Black to 3.8% in the past six years. Others also are in the low single digits.

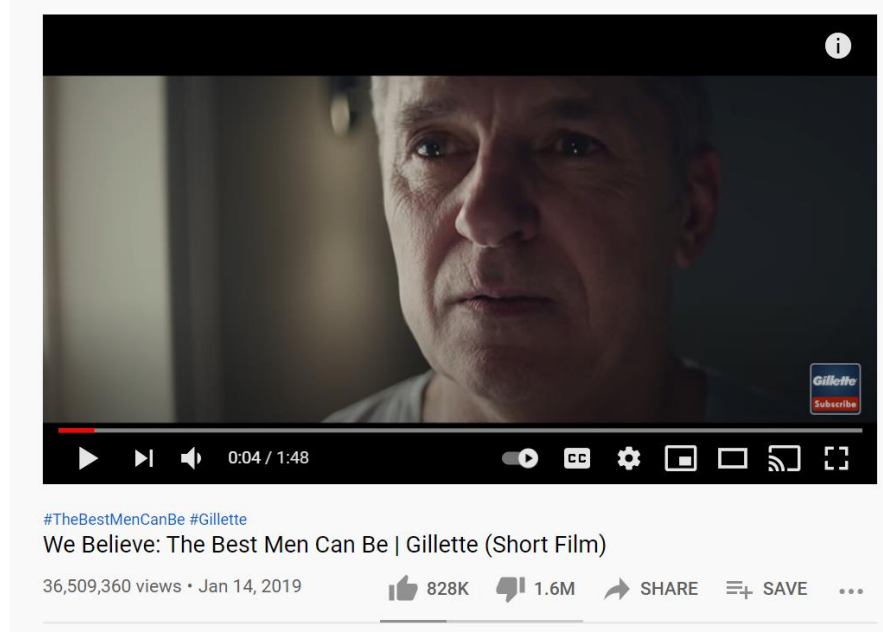
According to the Parker Review report by Sir John Parker, conducted by EY and the Department of Business, Energy & Industrial Strategy (BEIS), as of 31 December 2019, 37% of companies surveyed in the FTSE 100 and 69% of FTSE 250 have not met the target of at least one ethnic minority director on their Board. 256 companies out of companies (59%) did not meet the target of having at least one director of color on their Boards, with less ethnic diversity observed on the Boards of FTSE 250 companies.

4.4. Ineffective marketing of CSR can be divisive

Another important aspect of CSR is the way in which a company promotes the work it does, if done ineffectively the goal of improving its image may not be achieved and can even have the opposite effect of what is intended. A prime example of how communicating CSR can result in backlash from customers is the Gillette 'The Best a Man Can Be' campaign, which proved to be controversial upon its release, dividing its audience. In 2019, Gillette released the short film 'We Believe' on YouTube, with the aim of highlighting the social justice issues of masculinity in the common era and plays on their famous slogan "The best a man can get", replacing it with "The best men can be". Gillette's own executives were quoted as saying that they knew in advance that the ad would be controversial and generate discussion, but it is questionable as to whether they truly expected the amount of negative feedback it received.

Some have praised the message of the advert, which aims to update the company's 30-year-old tagline, but others say Gillette express that will no longer buy the brands products. According to Fast Company's (an American business magazine) consultation with social media analytics provider Sprout Social, the online response to the ad has been mostly positive. Between January 14 and 16, 2019 63% of the 645,000 tweets about Gillette were positive, and 94% of the 246,000 tweets hash tagged #TheBestMenCanBe were also positive. Despite this, as shown in the image below, the YouTube advert has generated a huge 1.6 million dislikes, while only gaining 828,000 likes. Gillette has several campaigns which prove that it believes in the cause it is promoting. The company is committing over \$1m per year for the next three years in the US to work with strong non-profit partners to help inspire the next generation to be its best and in the last 15 years, it has already contributed well over \$50m. While CSR focused ads can be effective, Gillette's campaign highlights the importance of striking a balance between not alienating your audience and ensuring the core message hits home, and that expressing social issues in such an overt way can be damaging to a brand.

Figure 5: Gillette's ad was met with controversy



Source: Gillette YouTube

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5. CSR will be driven by future generations and the pandemic

2020 has been a transformative year for businesses as they faced the reality of global pandemic and were forced to adapt to lockdowns and social distancing measures. The pandemic will undoubtedly boost the need for CSR activities in the coming years, due to the social and economic impact it has had on both businesses themselves and society. The millennial workforce is also expected to further drive the demand for CSR activities amongst large corporations, as the latter attempt to secure the best global talent.

5.1. Companies must support causes which align with younger generations

Millennials are becoming a force to be reckoned with in the workplace and has become the largest generation in the workforce making up 50% of the employees in the United States. GlobalData's UK SME Adoption of Employee Benefits 2019 report found that older generations within the workforce (baby boomers and generation X) are more concerned about financial benefits, with pensions being the standout difference. Over two thirds (39%) of baby boomers consider pensions to be the most valued benefit, while just 10.3% of generations Z hold that opinion. The report also highlights that the youngest generation is more concerned with work-life balance (26.3%), financial benefits (16.4%) and health benefits (14.2%), highlighting that the values of the workforce are changing.

The 2016 Cone Communications Millennial Employee Engagement Study 64% of Millennials consider a company's social and environmental commitments when deciding where to work and 64% will not take a job if a company does not have strong CSR values. Millennials clearly want to feel that they are contributing to a greater societal good and want the company which they devote over 40 hours a week to, to be driven by values that extend beyond financial growth. These findings suggest that CSR is not only important for a company's customers but also potential employee's, and that it can be crucial in attracting and retaining top talent in the market. This is particularly important in 2021 when the skills gap, which describes the mismatch between the skills that employers rely upon in their employees and the skills that job seekers possess, is wider than ever. According to the Five Fifty study conducted by Mckinsey in January 2021, most companies worldwide (87%) are aware that they either already have a skills gap or will have one within a few years. Therefore, it is essential that companies are attractive to the top talent in their respective industry, which in the current decade means being socially responsible.

Many large corporations are aware of the structural changes taking place in the workforce and are responding by putting CSR at the top of their list of priorities. The 2020 Fortune 500 Employment Brand report shows how Fortune 500s are using CSR as a focal point in employment brand strategies. Some 42% of the Fortune 500, equivalent to 210 companies, scored full marks, a significant improvement on 2019, when just 34 achieved perfect scores.

5.2. The impact of the COVID-19 pandemic will boost the need for CSR activities

The COVID-19 pandemic has been devastating for small and medium-sized enterprises (SMEs), which have suffered amid global lockdown and social distancing measures. According to the World Health Organization, tens of millions of people are at risk of falling into extreme poverty, while the number of undernourished people, currently estimated at nearly 690 million, could increase by up to 132 million by the end of the year. Conversely, Oxfam's report 'The Inequality Virus' revealed that the 1,000 richest people on the planet recouped their COVID-19 losses within just nine months, while it could take more than a decade for the world's poorest to recover from the economic impacts of the pandemic. The report also found that a temporary tax on

excess profits made by the 32 global corporations that have gained the most during the pandemic could have raised \$104bn in 2020. The disparity between the rich and the poor is clear, as a result wealthy CEO's and companies will face increasing pressure from the public and governments alike to redistribute some of their wealth into CSR activities. Controlling the pandemic and addressing its disproportionate consequences for racial and ethnic minorities, are matters of social sustainability.

The COVID-19 crisis has seen an abundance of examples of companies being socially responsible but also many cases of irresponsibility. The Johnson & Johnson Foundation announced \$100m in cash donations to support frontline health professionals battling during the COVID-19. The funds will be reserved for helping the doctors, nurses, and community health care personalities, who are working diligently to treat patients worldwide during the COVID-19 pandemic. Several companies have switched parts factories to making ventilators and PPE, and suspended dividends to shareholders. In the UK, several businesses have provided support as a thank you message to NHS staff. For example, Dominos has offered free Pizza; AA has offered free break-down cover; many supermarkets have allocated specific times for staff to shop and hotels near hospitals have even offered free stays. The English Premier League has also donated £20m to the NHS to help support the relief efforts in the wake of the outbreak, demonstrating the sheer range of support being given from a wide variety of businesses.

6. Appendix

6.1. Abbreviations and acronyms

CSR – Corporate Social Responsibility

SMEs – Small and Medium-sized Enterprises

ESG – Environmental, Social and Governance

VW – Volkswagen

CMCs – Contract Manufacturing Companies

DRC – Democratic Republic of Congo

6.2. Sources

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Forbes Reputation Institute Report

PwC Redefining Business Success in a Changing World

Ranking Digital Rights Corporate Accountability Index

6.3. Further reading

MarketLine Analyst Insight - ESG Investing: Just a passing trend unless regulatory bodies get it right the first time

MarketLine Analyst Insight - Footwear retailers ramp up sustainability efforts

MarketLine Case Study - Sustainability: The big topic for 2020 as climate change becomes more severe

7. Ask the analyst

We hope that the data and analysis in this case study will help you make informed and imaginative business decisions. If you have any questions or further requirements, MarketLine's research team may be able to help you. The MarketLine Research team can be contacted at ReachUs@MarketLine.com.

8. About MarketLine

At MarketLine, we deliver accurate, up-to-date insights on over 100,000 companies, 3,500 industries, 215 countries, and 3,000 cities as well as the latest news and financial deal information from within your market and across the globe.

Established in 1997 when the Internet was in its infancy, we recognized the need for a convenient and reliable data service to help our clients understand local and global markets and the companies operating within them.

In today's information-rich world, sifting fact from fiction to pick out what's relevant and what's up to date has become the new 'holy grail' in business information provision.

Hundreds of dedicated research professionals aggregate, analyze, and cross-check facts in line with our strict research methodology, ensuring a constant stream of new and accurate information is added to MarketLine every day.