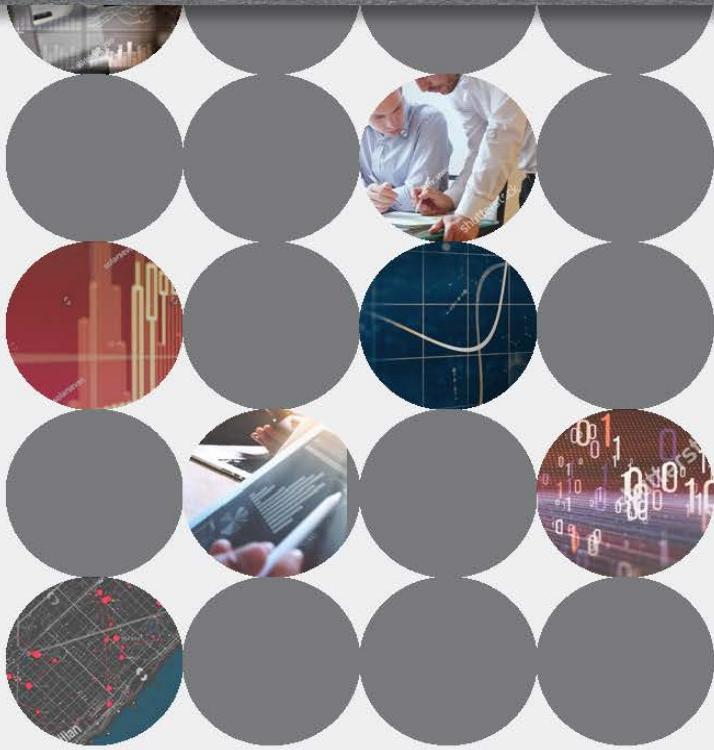




THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



**Corporate
Social
Innovation – A
Winning
Business
Proposition**

April 2021

The Institute

Turning Information into Insight

The Institute is a non-profit economic and social innovation research and policy organization dedicated to empowering business and community leaders with research based strategies for informed decision making. We conduct independent, non-biased research to identify the opportunities, issues and challenges unique to the region and to find innovative solutions to help solve the problems facing our communities. The Institute also offers a wide array of research, consulting and support services to help organizations boost productivity, increase profitability and be successful in their missions. The Institute is a partnership of 13 colleges and universities and the business community. The Institute has served clients in a number of states including the federal government.

Community – Based Research

Community based research is at the core of The Institute’s mission. This work, funded by our academic partners, generous underwriters, and sponsors, is made available to organizations and communities needing reliable, objective data, research, and best practices to make more informed decisions.

Client Solutions

The Institute prepares studies, surveys, and conducts research for public, private, and non-profit entities to identify strategies and solutions that facilitate decision-making, and enhance growth, profitability, revitalization and sustainability of their businesses and organizations.

Research areas include:

- demographics
- economic development
- community/downtown development
- education
- energy
- government
- health & health care
- housing
- indicators/community dashboards
- industry
- infrastructure
- land use
- planning
- public safety
- tourism and arts & culture
- transportation
- workforce development

The Institute prepares the following products:

- Arts & Culture Studies
- Economic & Demographic Profiles
- Economic Development Strategies
- Economic and Tax Impact Studies
- Education Studies
- Feasibility and Market Studies
- Housing Studies
- Indicators – Indexes
- Industry Studies
- Needs Assessments
- Policy Analysis
- Program Evaluation Support
- Project Analyses and Monitoring
- Research Validation and Peer Review
- Tourism Strategic Plans
- Workforce Studies

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Introduction to Corporate Social Innovation

Corporate leadership often seeks new ways to develop their businesses and positively influence others. Implementing social innovation into business strategy can create vast opportunities and outcomes in the communities where initiatives take place – while generating substantial value for the corporations involved. In fact, corporate social and environmental endeavors are becoming normalized business practices. Such innovation is now essential for maintaining success in a fast-changing world.

What to Know About Corporate Social Innovation

Corporate social innovation pertains to the integration of social, economic, or environmental improvement efforts into regular business activity. An extensive review of literature on corporate social innovation can generate a wide range of ideas and programs surrounding the topic. From this search the main points of corporate social innovation can be defined as new ideas, institutions, ways of working, products, services, business models, and processes that create business solutions and value while also impacting customers, the environment, and society. These solutions work to solve global challenges while emphasizing the importance of adopting efficient leadership and cohesion between all internal functions. The importance of fostering partnerships with external factors such as governments and non-profit organizations (NGOs) is recognized as well. Ultimately, the objective is to adopt corporate social innovation as a strategic way to gain competitive advantage and while achieving economic and social returns.¹ It is imperative that organizations look at this responsibility beyond communities where their corporate headquarters are located and implement initiatives at all of their physical locations.

In a collaborative report by KPMG International, Social Innovation Generation, and Volans, the concept of corporate social innovation is simply described as “fueling breakthrough changes in how businesses operate so that they can achieve social and environmental value creation alongside financial profit.”²

It is important not to confuse corporate social innovation with traditional corporate social responsibility (CSR). CSR pertains to efforts driven by philanthropic intent, such as monetary and product donations as well as employee volunteerism. Corporate social innovation initiatives are also philanthropic in nature, but they have strategic intent. They may involve corporate assets, business integration, business growth as social lever, and business with a social mission.³ They take shape depending on company mission, culture, leadership, and available resources. Organizations may take unique approaches based on the impact they aim to create, and many rely on extensive research to target their work. Both CSR and

¹ Dionisio, M., & Vargas, E. (2019, November 18). Corporate social innovation: A systematic literature review. Retrieved March 11, 2021, from <http://www.sciencedirect.com/science/article/abs/pii/S0969593118309004>

² KPMG, SiG, Volans, MaRS Discovery District. *Breaking Through: How Corporate Social Innovation Creates Business Opportunity*, www.mspguide.org/sites/default/files/resource/5441-kpmg-social-innovation-report-fy14-web-final.pdf.

³ What is corporate social innovation? (2018, September 26). Retrieved March 11, 2021, from <https://socialinnovationexchange.org/insights/what-corporate-social-innovation>

corporate social innovation yield positive impact on businesses and communities through sustainable social change.⁴

Why Is Corporate Social Innovation Important?

Corporate leadership has begun to recognize the responsibility to do good, and social innovation is the catalyst for doing so. Many organizations focus their efforts on the communities in which their headquarters are located, although any areas in which they operate, conduct business, or simply identify need are perfect candidates for corporate social innovation initiatives. In doing so, they demonstrate integrated external engagement – explained by former BP CEO John Browne and McKinsey & Company’s Robin Nuttall as “the efforts a company makes to manage its relationship with the external world.” According to this philosophy, value is delivered not through an insular executive team with high-profile yet low-impact initiatives but through ground-level activities at numerous operational levels.

Ultimately, Browne and Nuttall assert that leaders must “ensure high standards across their supply chains,” and that they must, “deeply integrate external engagement into their strategy and operations.”⁵ There are numerous incentives for making such a commitment.

First, there are new demands regarding business’s role in the world, encouraged by the growing complexity and increasing pace of change in society. Globalization has prompted increased transparency and standards of accountability for corporations, and consumers and stakeholders hold high expectations for the organizations with which they are affiliated.⁶ Businesses must keep up with these new demands and expectations in order to remain relevant.

Positive stakeholder impact is another incentive for engaging in corporate social innovation. Workers repeatedly indicate that satisfaction on the job ties to a sense of meaning or purpose. The new workforce in particular has a high regard for involvement in social and environmental issues. College students express interest in finding careers that foster the opportunity for financial success and the ability to create productive change in the world.⁷ As such, involvement in corporate social innovation motivates driven employees and a happier workplace. Customers and clients also want companies to flourish by doing good. When organizations commit to corporate social innovation, their customers and clients tend to hold them in high regard and support their business success. Again, this is especially true of the younger generation.

⁴ Violo, Marc. (2018, February 1). 25 Companies Carrying out Corporate Social Innovation. Retrieved March 11, 2021, from socialinnovationexchange.org/insights/25-companies-carrying-out-corporate-social-innovation

⁵ Browne, J., & Nuttall, R. (2013, March 01). Beyond corporate social responsibility: Integrated external engagement. Retrieved March 11, 2021, from <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/beyond-corporate-social-responsibility-integrated-external-engagement>

⁶ What is corporate social innovation? (2018, September 26). Retrieved March 11, 2021, from <https://socialinnovationexchange.org/insights/what-corporate-social-innovation>

⁷ KPMG, SiG, Volans, MaRS Discovery District. *Breaking Through: How Corporate Social Innovation Creates Business Opportunity*, www.mspguide.org/sites/default/files/resource/5441-kpmg-social-innovation-report-fy14-web-final.pdf.



“Communities working together toward common goals has never been more important. The McGowan Fund believes there is great potential for positive change when philanthropy, for profit, non-profit, and government work together to solve problems, and embrace opportunities for collaboration.”

Diana Spencer
Executive Director
William G. McGowan
Charitable Fund

Finally, dwindling resources coupled with a rising awareness of the interconnectedness and the precariousness of socioeconomic and ecological systems means there is a dire need to be creative about the future. Large corporations have the capability to take action and address these issues, making a real difference. Corporate social innovation is essential to sustainability and resilience. Investment in corporate social innovation results in brand value, business growth, workforce competitiveness, and bottom-line returns.

Reflecting on a CNBC interview with Delta CEO Ed Bastian, for example, Inc.com columnist Bill Murphy, Jr. addresses the ongoing shift in focus from stockholders to stakeholders. The distinction acknowledges the fact that business interests are no longer limited to investors and creditors. They even extend beyond customers and employees, encompassing families and communities as well. According to Bastian, Delta’s fresh and all-encompassing vision has seen record-high levels of brand preference, customer satisfaction, and revenue.⁸ The economic benefit of corporate social innovation is clear.

Examples in Action

There is no shortage of evidence to support the aforementioned assertions regarding corporate social innovation. In fact, Fast Company recently released a list of top innovation companies. Scranton, Pennsylvania’s own Lackawanna College ranked ninth in a category dedicated to corporate social responsibility. The college was recognized for its Level Up program, which helps high school students acquaint themselves with college-level study while earning academic credit. These credits are available at substantially reduced rates. Over 100 students have participated in the program since its inception, with tuition savings estimated to be nearly \$1.5 million.⁹

Fast Company also recognized Logitech, a product design firm setting an example in corporate social innovation. Instead of limiting activities to its home community of Lausanne, Switzerland, the team has committed to

⁸ Murphy Jr., B. (2021, February 21). The CEO of Delta Air lines just explained a radical Change. Here's what it means for you. Retrieved March 12, 2021, from <https://www.inc.com/bill-murphy-jr/the-ceo-of-delta-air-lines-just-explained-a-radical-change-heres-what-it-means-for-you.html>

⁹ Hofius Hall, S. (2021, March 11). Lackawanna college program receives spot on prestigious innovative companies list. Retrieved March 12, 2021, from https://www.thetimes-tribune.com/news/education/lackawanna-college-program-receives-spot-on-prestigious-innovative-companies-list/article_737f9807-eb96-580a-a28b-a4c55857626b.html

giving back to all communities that host Logitech operations. In 2019, for instance, employees participated in approximately 40 giving events, within 15 cities of 10 countries. According to the company's 2020 sustainability report:

- “During the holiday season, program coordinators from the Adopt and Angel program help children in care compile a “wish list” of items they would appreciate. Our Silicon Valley office has contributed to the program for almost 20 years and in 2019, employees prepared more than 2,400 gifts, which were distributed to more than 800 children, living in group homes, shelters, foster care or low-income homes.”
- “A number of children in the Evergreen School District have experienced homelessness and receive free or reduced-price lunches from the state, each year. Our team in Camas hosted a shoe drive, to raise funds for the Center and donated 'snacks' for the state-funded lunches that are provided at schools.”
- “Employees from our Chennai office visited the shelter and made and donated notebooks and flashcards, which the children could use in school. Employees also set up fundraising events, gathered donations, prepared refreshments and hosted games, to raise funds and help six students through higher education, and support broader child welfare and women’s empowerment programs.”
- “Volunteers from our Taiwan Welfare Committee and Taiwan office set up a booth to wash, pack and sell fruit, coffee cupcakes and children’s books, to raise funds and support Chung Yi’s Children’s Home.”¹⁰

Additionally, JPMorgan has implemented corporate social innovation into its business strategy. The financial services company has made a \$6 million commitment to the New Skills for Youth initiative in South Bronx, New York. This initiative connects career and technical education schools located the South Bronx with employers throughout New York City.

Jamie Dimon, CEO of JPMorgan, acknowledges the severity of education limitations and unemployment among youth in the South Bronx. He cites that half of all students from inner-city school kids do not graduate. Additionally, Dimon shares that unemployment of young adults in the inner city ranges between 20 percent and 25 percent. He stresses the need for businesses and civic society to work together to overcome these



“It is imperative that we engage, educate and inspire the next generation of STEM leaders and provide them the tools and encouragement they need to prepare for future professional careers,” said Paula Conrad, Vice President of Corporate Relations for Exelon. “This program provides female students with access to STEM leaders, educational tools, and learning opportunities while helping us to continue building the pipeline of women pursuing technical careers in the historically male-dominated energy sector.”

**Paula Conrad,
Vice President of Corporate
Relations
Exelon**

¹⁰ LogiCares - social responsibility & corporate culture. (n.d.). Retrieved March 23, 2021, from <https://www.logitech.com/en-us/social-impact/logicares.html>

challenges. JPMorgan's involvement in corporate social innovation with this organization will have tremendous impact on the youth of the South Bronx.¹¹

Exelon is another example of corporate social innovation. The family of companies grants tens of millions of dollars to nonprofit organizations annually. Exelon also hosts an annual giving campaign, through which employees donate millions. Corporate giving at Exelon prioritizes four areas – environment, education, arts and culture, and neighborhood development.¹²

One initiative sponsored by the Exelon Foundation is the STEM Innovation Leadership Academy. This program serves high school girls living in under-resourced communities. It exposes the students to science, technology, engineering and math (STEM) activities and encourages them to pursue careers in the STEM fields. This initiative includes year-round programming to 180 girls aged 16 years to 19 years. The girls also attend week-long academies in Chicago, Philadelphia, and Baltimore/District of Columbia to gain college-like experiences in STEM and learn about the energy industry.¹³

Call to Action

It is essential for business and industry leaders to explore corporate social innovation and the impact it could create in their businesses and *all* the communities where they have facilities. Finding a cause is the first step, and developing a strategic plan is the next. Once a corporate social innovation initiative is enacted, both the business and community will reap benefits.

¹¹ Berger, A. (2017, May 08). JAMIE DIMON: There is a 'national catastrophe' in American education. Retrieved March 12, 2021, from http://www.businessinsider.com/jamie-dimon-national-catastrophe-american-education-jpmorgan-chase-new-skills-youth-2017-5?utm_source=intl&utm_medium=ingest

¹² Community. (n.d.). Retrieved March 11, 2021, from <http://www.exeloncorp.com/community>

¹³ Building the diverse workforce of the future through the STEM Innovation Leadership Academy. (2020, September 6). Retrieved March 11, 2021, from <http://www.exeloncorp.com/grid/building-the-diverse-workforce-of-the-future-through-the-stem-innovation-leadership-academy>