Chartered Governance Institute

Navigating social responsibility: A study of evolving stakeholder expectations

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The Chartered Governance Institute is the premier global qualifying organisation for professionals aspiring to become a Chartered Secretary and/or a Chartered Governance Professional. With over 130 years of history, we assist company secretaries, governance advisers, non-executive directors and others in the development of their skills, knowledge and experience. The Institute is an international organisation with nine divisions in its network and 30,000 members living and working in over 80 countries. Most importantly, it brings its influence to bear on international trade bodies, governments, regulators, non government organisations and companies to represent the views and current thinking of those involved in governance.

The Institute's mission is to be the best explainer, the best advocate, the best educator and the most active organisation in the promotion of good governance internationally. Our members hold positions of responsibility in the field of governance across a wide range of entities. All our members share a common interest in the promotion of excellence in governance.

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Navigating social responsibility: A study of evolving stakeholder expectations

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President's Foreword

Navigating social responsibility: A study of evolving stakeholder expectations

Over at least a decade or more there has been a growing expectation that our major corporations will pursue their profit motive whilst at the same time operate in a manner that benefits the common good. There is an expectation from some that our major corporations will also occasionally take a public stand on important social issues that affect their own stakeholders as well as the broader community.

The expectation is not universal however and in the last couple of years many commentators are pushing back on this trend. In particular when shareholder's funds are involved. Regardless of the position taken, and the outcome, if corporations do take a stand on a social issue, it is often complicated and occasionally creates difficulties. Notwithstanding the difficulties and the differences of opinion on what corporations should or should not do, the expectation from some that corporations will observe their social licence to operate is not going to go away.

The Chartered Governance Institute has decided to publish this paper, for much the same reason as all of our thought leadership papers, to assist governance professionals. In this case to assist them to help their companies navigate how they approach their corporate social responsibilities. We are not suggesting that companies should take a public position on a social issue. That is a matter for the organisation. But as experienced governance professionals we are in a position to evaluate the experiences of other organisations and to hopefully provide useful guidance to our members and all governance professionals.

We have drawn on three case studies. Each with very different circumstances, each with its own set of complexities and each with very different outcomes. They are all household names, in very different lines of business and from three different jurisdictions. As the paper suggests, we have looked at three examples to highlight the contradictions and possibilities of trying to be on the front foot with corporate social responsibility. Taking a position is more than just a philanthropic exercise but also a strategic one with longer term implications.

The term 'navigate' in the title we believe sums up the situation perfectly. There is no defined road-map. Organisations must approach each situation on its own. However, we suggest some first-principles to consider that we hope can assist organisations navigate their way through: having clarity on one's social purpose, an integrated strategic approach, transformational leadership, and clear communication.

Our focus is very much on supporting governance professionals with practical steps and recommended approaches. We hope this paper achieves this goal so that our members and all governance professionals can provide the leadership necessary for their organisations to navigate their social responsibilities.

Jill Parratt

International President
The Chartered Governance Institute

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Introduction

Corporations, investors and our broader society can all benefit from entrepreneurial activities and their rewards. Society, though acknowledging the profit motive, it still expects corporations to align profits with the common good, beyond legal rights and responsibilities to investors. There is a shift among investors from shareholder primacy to stakeholder capitalism as evidenced in the rise of the environmental, social and governance (ESG) investment criteria. This is increasingly causing the private sector to redefine corporate and social purposes. Corporates are also having to rethink their operational strategies in order to respond to the broadening and evolving social, investor and other stakeholder demands. This also means that organisations must navigate the many risks and rewards that come with the broadening social terrain, in order to realise value for all stakeholders.

Whereas in the past corporate social responsibility (CSR) was philanthropic, and sometimes limited to corporations giving back to society as a token of good neighbourliness, stakeholders now demand more from corporates. Governments, communities, employees and other stakeholders are expecting companies to act responsibly on ESG issues on a day-to-day basis, to create value for both the corporate and its stakeholders as part of their social licence to operate (See further under 'Evolving corporate and community relations,' below.). Companies are responding to these demands in creative and innovative ways. For example, the alignment of local community empowerment with human capital strategies, such as local recruitments, or linking ecological demands with product design, such as the use of 100% recyclable packaging. Developing and aligning social responsibility with strategy attracts financial and non-financial costs, for example, brand reputational losses. These costs have increased with geo-political impacts, such as the Israel-Gaza war on global supply chains, net-zero commitments, corruption, cultural and ideological shifts.

Corporations that have spoken publicly on social and cultural issues have risked losing traditional customers, employees and longstanding stakeholders, who may disagree with the corporate's social stance. For example, the boycotting of Unilever's Dove products for using a Black Lives Matter activist in its advertisements.[1] Conversely, other companies have reaped strong financial rewards through aligning their brands with stakeholders and thus increasing product recognition on the market.[2] There is better CSR navigational space for both corporates and their brands when society recognises and relates to what the company stands for. The challenge for a corporate is how to shape its attitude towards emerging social issues, such as inclusivity or diversity, while avoiding being perceived as overstepping corporate boundaries.

This paper examines how corporations navigate emerging CSR opportunities, as well as the tensions that may arise from evolving societal expectations and organisational response to them. Through a case study analysis of three global brand names, Royal Dutch Shell (Shell),[3] The Walt Disney Company (Disney) and IKEA), we examine risks faced by corporates as they stepped into spaces that used to be a preserve of the state. We ask a range of questions:

- How and by what processes can corporations determine which social causes to support among the many potential opportunities?
- How proactive must a corporation be?
- What repercussions could arise from being proactive?

1 See https://nypost.com/2023/09/15/dove-facing-boycott-for-hiring-blm-activist-zyanha-bryant, accessed 17 December 2023.

2 For example, 94% of the world's population recognises the red and white logo of the Coca-Cola brand and it is attributable, partly, to a 1923 decree made by the then president of the company, 'Coca-Cola should always be within an arm's reach': see https://brandemic.in/coca-cola-the-king-of-the-global-market/#:~:text=With%2094%25%20global%20recognition%2C%20%27,soft%20drink%20in%20the%20world, accessed 6 December 2023.

3 The company changed its name from Royal Dutch Shell plc to Shell plc on 21 January 2022: see www.shell.com/media/news-and-media-releases/2022/royal-dutch-shell-plc-changes-its-name-to-shell-plc.html, accessed 22 January 2024.

In conclusion, the paper highlights that CSR is a necessary tool for creating a better world and its benefits are beyond the economic or financial. Notwithstanding the inherent contradictions, tensions and risks within the CSR space, clarity in social purpose, transformative leadership, an integrated strategic approach and communication can help professionals and corporations to pilot CSR activities. Practical steps provided at the end of the paper foster the Institute's belief in the role that governance professionals have in supporting this evolution.

Evolving corporate and community relations

At a World Bank meeting in 1997, mining executive Jim Cooney introduced the concept of the social licence to operate (SLO), in relation to political risk management for the mining industry.[4] SLO refers to ongoing acceptance or approval[5] by stakeholders of a project or a company's ongoing presence, beyond formal legal and regulatory parameters. SLO is therefore an 'informal' licence within a shared space, given by society and other stakeholders to express a relationship with an organisation. Legitimacy for the business to continue functioning and accessing resources in the shared environment is given by the community or society. Even though corporate behaviour may be advantageous to individuals and society, culture is dynamic. This means that corporate-community relations evolve depending on time, place and environmental forces, which include political, social, ecological and economic factors. For example, the 19th century philanthropic construction of libraries by the Carnegie Foundation was motivated by the societal need to promote education, while the corporate-community relations of today is in response to factors such as:

- pressures imposed by the ESG on ethical and green investments
- the social and cultural shifts on demands for diversity equity and inclusivity (DEI)
- ecological pressures on organisational systems and structures to address climate change
- the sustainability of organisational long-term strategies.

The widening scope of corporate and societal relations necessitates CSR disclosure to a national and global audience. International development agencies, such as the United Nations (UN) in support of Sustainable Development Goals (SDGs), have stepped in with frameworks to guide businesses, such as the SDG16 Business Frameworks.[6]

As foreseen by CSR theorist Archie B Carroll,[7] geopolitical influences, such as the US-China trade campaigns and Russian-Ukraine war, are changing the scope of international financial institutions, corporate production, services, international trade and marketing.[8] Complications created by evolving multi-faceted stakeholder interests should be supported by corporations in their policy frameworks, some of which we discuss in the paragraph below.

4 Canada Science and Technology Museum, 'Social license to operate — Jim Cooney', www.youtube.com/watch?v=NkQMq0gIEYU, accessed 4 April 2023.
5 Kenton W, 2021, 'Social License to Operate (SLO): Definitions and Standards, www.investopedia.com/terms/s/social-license-slo.asp accessed 23 February 2024.
6 See https://sdg16.unglobalcompact.org, accessed 9 January 2024.
7 Carroll, A, 'Carroll's pyramid of CSR: Taking another look' (2016) 1(3) *Int J Corporate Soc Responsibility*, https://jcsr.springeropen.com/articles/10.1186/s40991-016-0004-6, accessed 12 January 2024.
8 Sidhuri P, 2023, 'Geopolitical shifts and its impact on branding' https://www.linkedin.com/pulse/geopolitical-shifts-its-impact-branding-sindhuri-p/?trk=pulse-article_more-articles_related-content-card#:~:text=Geopolitical%20changes%20can%20also%20profoundly,remain%20relevant%20in%20the%20market., accessed 23 February 2024.

Integrated frameworks

CSR literature[9] recognises that businesses operate in a political economy with diverse and overlapping societal perspectives, which impact social responsibility and disclosures. Carroll[10] highlighted that though there are competing and complementary frameworks, all of them are interrelated and overlapping. In this paper we consider three CSR perspectives, via the legitimacy, stakeholder and institutional theories:

- **Legitimacy theory**[11] is a normative theory that seeks to describe or explain organisational behaviour towards promoting legitimacy. Legitimacy theory[12] is a generalised perception or assumption that corporate actions are acceptable according to social systems, norms and values. In this paper, we apply this theory to understand tensions and conflicts related to social responsibility in the case studies.
- **Stakeholder theory** examines the relationship between an organisation and its stakeholders, and refers to any group or persons who may influence or are affected by the organisation's goals. We apply this theory to analyse the responsiveness of the three case study corporations and their stakeholders to environmental forces and their ability to work together.
- **Institutional theory**[13] investigates organisational structures and explains why organisations with similar features or forms, belong to the same organisational field. Through three techniques[14] — coercive (such as through law), imitation (peer pressure) and normative (internalisation of sustainability beliefs) — organisations in the same field, develop structures, processes and systems, and disclose how the company addresses continuing societal challenges and difficulties.[15] This theory is applied in this paper, first to select the three global brands, Shell, Disney and IKEA, and second to define common factors pressuring these global brands to align with political, economic and societal expectations.

These theories overlap with international governance frameworks, for example, the King Report IV[16] from South Africa, which was released in 2016 and states that the licensors of an organisation are not just those entities and individuals within traditionally defined and narrow value chains, but society as a whole. The Guiding Principles on Business and Human Rights,[17] which were endorsed by the UN Human Rights Council in 2011, provide a framework on responsible investments for the protection, respect and remedy of human rights and violations.

Such frameworks underscore growing demands for convergence of stakeholder interests and enhancement of operational harmony within CSR activities, in order to create value for the broader society. For example, the UN's Principles of Responsible Investments[18] (PRI) encourage investors to incorporate ESG factors into investment analysis and to take active ownership and appropriate disclosure of ESG. This encourages investment institutions to promote acceptance and to work together, in order to enhance harmony and effectiveness in the implementation of PRI.

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9 See https://ro.uow.edu.au/cgi/viewcontent.cgi?article=1062&context=aabfj, accessed 10 January 2024.
10 Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: a review of concepts, research and practice. *International Journal of Management Reviews*, 12(1), 85–105, https://onlinelibrary.wiley.com/doi/10.1111/j.1468-2370.2009.00275.x, accessed 12 January 2024.
11 See www.scirp.org/journal/paperinformation?paperid=122626#return28, accessed 9 January 2024.
12 See https://link.springer.com/referenceworkentry/10.1007/978-3-642-28036-8_471#:~:text=Legitimacy%20theory%20is%20a%20theoretical,their%20legitimacy%20as%20a%20resource, accessed 11 January 2024.
13 Dash S and Mishra N, Institutional theory as a driver of CSR – An Integrative Framework, www.anzam.org/wp-content/uploads/pdf-manager/2844_ANZAM-2016-407-FILE001.PDF, accessed 11 January 2024.
14 See www.scirp.org/journal/paperinformation?paperid=122626#return28, accessed 11 January 2024.
15 See www.sciencedirect.com/science/article/abs/pii/S0969593116300701, accessed 11 January 2024.
16 See www.bdo.co.za/en-za/insights/2017/king-iv/king-iv-the-rise-of-the-stakeholder, accessed 4 April 2023.
17 See www.undp.org/sites/g/files/zskgke326/files/migration/in/UNGP-Brochure.pd, accessed 25 June 2023.
18 See www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/social-issues/human-rights, accessed 25 June 2023.

Transitioning of governance narratives

In this section, we consider environmental forces caused by global ideological shifts and evolving governance models, which in this paper we deemed to influence tensions and opportunities in the case studies.

A global ideological shift towards social inclusion is transforming the political, social and economic fundamentals around the world, including major economies, such as those in Europe and, to a lesser extent, the United States where the situation is more polarised. Governance narratives are following these shifts and have started moving away from shareholder primacy[19] to stakeholder capitalism. Shareholder primacy is fostered by Milton Friedman's view on capitalism, which is that corporations exist principally to serve shareholders. To achieve this goal, they tend to be anchored by short-term profit maximisation strategies. Stakeholder capitalism, on the other hand, is about value creation for a broad spectrum of stakeholder interests, including shareholders and employees, but it is set in the context of long-term strategies and narratives, such as inclusivity, net-zero and sustainability. Therefore, corporates and their stakeholders no longer regard social responsibility as philanthropic, but as a matter of strategic importance.

Notwithstanding inherent contradictions in CSR due to diverse stakeholder interests, it is possible to find synergies[20] between traditional corporate interests in economic and financial terms, and environmental forces. Unless there is an understanding of societal expectations, corporations are bound to experience obstacles and sometimes major conflicts around CSR. Therefore, governance professionals can no longer rely on historical ideas and narratives that may have worked in the past but do not have the same relevance today; instead, they should endeavour to find new CSR pathways with the aim of bettering society at large. This may include reshaping executive remuneration systems, so as to be long term based and benefitting more stakeholders, rather than being short term and benefitting a few shareholders and executives.

The case study analysis in the next section therefore aims to bring into focus CSR problem narratives[21] and corporate interests, in order to find new CSR pathways, which can enhance stakeholder harmony. Focusing on both narratives, with difficulties as well as those with harmonious social responsibility, provided valuable insights on the impact of CSR within evolving stakeholder interests. This approach enabled us to evaluate CSR, its impact and proposed governance solutions, to give practical guidance to governance professionals.

19 See www.investopedia.com/stakeholder-capitalism-4774323, accessed 17 July 2023.
20 Ivanaj S, Collet M and Friser C, 2021, 'Lean and CSR, contradictions and complementarities: Toward an effective managerial solution' (2023) 30(1) Quality Management Journal 64, www.tandfonline.com/doi/citedby/10.1080/10686967.2021.1962775?scroll=top&needAccess=true, accessed 13 January 2024.
21 Akporiaye A and Webster D, 2022, 'Social license and CSR in extractive industries: A failed approach to governance' (2022) 2(3) Global Studies Quarterly https://doi.org/10.1093/isagsq/ksac041, accessed 13 January 2024.

Case studies

Approach taken

We have considered three organisations — Shell, The Walt Disney Company and IKEA — whose corporate history dates back to 1907, 1923 and 1943, respectively. Despite longstanding brand alignment with CSR, Shell and Disney experienced protracted tensions with environmental forces. Shell experienced historic conflicts with communities in Nigeria, which lasted for decades and ended up in the International Court of Justice at The Hague in the Netherlands. In 2022, Disney, with a previous glowing CSR reputation, was caught up in a human rights controversy, first with employees and then with the Government in Florida in the United States, a matter that is yet to be concluded before the courts.[22] We chose IKEA to highlight what works in CSR. The aim of this approach was to highlight contradictions along with possibilities of harmonious CSR and how both impact governance. In this way we believe it draws attention to the evolution of CSR from being a philanthropic exercise to being a strategic matter. This is important when selecting which social cause to pursue and how it fits with an organisation's long-term strategies. By considering stakeholder expectations, navigating this change can minimise tensions with those stakeholders and other parties. This understanding can help equip governance professionals in their CSR advisory roles.

For each case study, we provide an overview of the facts in their particular case and then consider the different factors which have affected the organisations' strategic approaches. The four factors we consider (not all of which are relevant to each organisation) are:

- **Ideological factors** — these present pressure on companies to shift business practices and imitate peers in relation to stakeholder capitalism, including geopolitical, human rights and environmental demands, such as the demands on Shell in relation to the oil spill in the Niger Delta
- **Social factors** — these present normative pressure on management systems to internalise emerging societal norms, demands and expectations, then legitimatise corporate behaviour to stakeholders, for example, Disney's responses to cultural shifts in the United States
- **Political factors** — inadvertently, CSR activities may step into what used to be a preserve of the state. Corporates may, therefore, have to negotiate for time and space with government and political forces.
- **Governance factors** — applying to all three organisations, this is presented through legitimacy, stakeholder and institutional considerations in corporate systems, structures and strategies including purpose alignment, resource allocations and disclosure of social responsibility.

An outline of CSR navigation of environmental forces by the three companies is provided below in case study 1 (Shell), case study 2 (Disney) and case study 3 (IKEA).

Case study 1: Royal Dutch Shell in the Niger Delta, Nigeria

This global energy company was founded in 1907 and operates in more than 70 countries. In Nigeria, the company operates under its subsidiary, Shell Petroleum Development Corporation (SPDC).

The company discovered oil in the Niger Delta of Nigeria in 1956 and started operations, which included building an oil pipeline in the 1960s. The pipeline passed through villages, but due to community uprising, vandalism, tensions and conflicts which lasted for decades, the company discontinued operations near three villages: Goi,

22 See https://fortune.com/2023/09/30/desantis-disney-legal-demands-texts-emails-throw-out-first-amendment-lawsuit, accessed 27 December 2023.

23 See www.shell.com/about-us/who-we-arehtml#iframe=L2Fib3V0LXVzL3doby13ZS1hcmUvX2pjcl9jb250 ZW50L3Jvb3QvbWFpbi9zZWN0aW9uL3dlYl9jb21wb25lbnQvbGlua3MvaXRlbTAuc3RyZWFtLzE2OTgxNDY-zODY1ODcvYWI1MDRkNWM1MGRlODNmMTk3MGYyYjZhMTA2ZTM0MjVmNTQ0OTA3OS9pbmRleC5odG1s, accessed 27 December 2023.

Oruma, Ikot Ada Udo. This relocation meant that oil leaks went undetected and this impacted negatively the ecological systems of the villages, between 2004-2007.

The matter was subsequently settled at the Court of Appeal in The Hague in 2022.

Shell has since made a lot of changes, including the name change from Royal Dutch Shell to Shell plc in 2022. In January 2024, the company[24] announced that it had reached an agreement to sell the Nigerian onshore subsidiary SPDC to Renaissance, a consortium of five companies. Shell will remain a major investor in Nigeria's energy sector through its Deepwater and Integrated Gas businesses.

In the data highlighted below, the CSR actions as reported by Shell in 2022, were responsive to national macro-economic developmental needs in partnership with government. However, local societal expectations for the company to address

Table 1: CSR tensions at Royal Dutch Shell

CSR factors	CSR related actions
Background	• Contributions by Shell in Nigeria reported for the year 2022[25] were through joint venture projects with the government and were related to community, health, education, road safety and enterprise programmes • SPDC, SNEPCo* and SNG* spent $34.29 million funding direct social investment in 2022. These investments were in projects related to community, health, education, road safety and enterprise programmes • In 2022, SPDC and SNEPCo supported 17 healthcare centres in the Niger Delta.
	*Shell Nigeria Exploration and Production Company Limited (SNEPCo)
	*Shell Nigeria Gas (SNG)
Social purpose	To be a good neighbour wherever it works by contributing to the wellbeing of communities[26]
Social factors	In 2022[27] a settlement based on no admission of liability was made and Shell agreed to pay Euro 15 million Euros for the benefit of communities from the three affected villages
Environmental factors	The Court of Appeal at The Hague instructed Shell to install leak detection equipment on all its pipelines in court ruling of 2022
Ideological factors	The global rise in social, environmental and climate movements since the 1990s was pronounced through rise in protests and litigations. For example, the lawsuit[28] at The Hague made by Milieudefensie (Friends of the Earth in Netherlands) six other non- governmental organisations and private individuals.

24 See https://www.shell.com/media/news-and-media-releases/2024/shell-agrees-to-sell-nigerian-onshore-subsidiary-spdc.html, accessed 5 February 2024

25 See www.shell.com.ng/media/nigeria-reports-and-publications-briefing-notes/_jcr_content/par/pageHeader.stream/1681918042830/ef341b12093c600c71129c24ea276795715f1629/shell-nigeria-briefing-notes-2022.pdf, accessed 6 December 2023

26 See www.shell.com/sustainability/communities.html, accessed 6 December 2023.

27 See www.shell.com.ng/media.html, accessed 6 December 2023.

28 See https://www.shell.com/media/news-and-media-releases/2021/shell-confirms-decision-to-appeal-court-ruling-in-netherlands-climate-case/_jcr_content/root/main/section/simple/text_1377231351_copy.multi.stream/1657006823005/460167304a697f411be1b9f80c6e05be0ac057fb/dutch-district-legal-case-faq.pdf,

oil spillage, could have dented the relations of the oil company within the Niger Delta region. Power disconnects between national and local governance of oil proceeds could also have been a source of conflict, as evidenced by the protracted civil strife among local communities. Therefore, what would have strengthened the company's SLO, in the 1960s may not have been so decades later. Further, the advent of ideological pressures on companies to shift business practices and imitate peers towards upholding human and environmental rights, gave more power to communities, as evidenced in the court case cited earlier. Researchers[29] cite this stakeholder power and interest gap in many analyses of the Shell oil spill case in the Niger Delta. It is therefore an instructive lesson to governance professionals, to ensure contextualisation of CSR, given that legitimacy is time and place dependent.

Case study 2: The Walt Disney Company

The second case study is on Disney, a global entertainment brand founded in the 1920s.[30] Its mission[31] is to entertain, inform and inspire people around the globe through the power of supreme storytelling, reflecting the iconic brands, creative minds and innovative technologies that make the company one of the world's premier entertainment companies. The Disney brand has long been associated with sustainability, focusing on three areas: a world of belonging focusing on DEI, a world in balance focusing on environment and conservation and a world of hope focusing on community.

29 See https://academic.oup.com/isagsq/article/2/3/ksac041/6705246, accessed 18 July 2023.
30 See https://thewaltdisneycompany.com/about, accessed 31 July 2023.

Table 2: CSR conflict at Disney

CSR factors	CSR related actions
Background	• $100 million towards the creation of hospitals globally and to improve patient experience in more than 700 hospitals as well as provide new Disney-themed products • Consumer engagement — to better understand consumer expectations • Employees — a two-way responsive dialogue to learn what employees value, levels of satisfaction or concerns, and knowledge of and engagement with key issues at Disney. • Industry and Business Communities — engagement with industry leaders and suppliers to create large-scale, industry-wide change, as well as to learn about trends and insights related to Disney's specific businesses. • NGOs and Social Impact Organisations — engaging NGOs and social impact organizations address challenges, both globally and locally reach individuals and communities that need us most, such as historically underrepresented communities • During the year 2022, Disney gave US$140 million to communities.
Social purpose	Creating a better world
Social factors	• The Parental Rights in Education Act, commonly referred to as the 'Don't Say Gay' law, is a Florida state law that was passed in 2022. • The Act[32] provides that 'classroom instruction by school personnel or third parties on sexual orientation or gender identity may not occur in kindergarten through to grade 3 or in a manner that is not age appropriate or developmentally appropriate for students in accordance with state standards' • The new law gives parents the right to sue school districts over violations • Earlier, more than 150 companies signed a human rights campaign letter opposing the legislation, but Disney initially did not participate • Some of Disney's employees left the company due to it not being vocal against the legislation • The CEO[33] apologised to employees, signed the human rights campaign letter and pledged financial support • After the AGM Disney decides to issue a public statement against the Bill and went further by stopping funding[34] to all anti-LGBTQ+ politicians
Political factors	• Strong political views expressed by the company[35] Florida Government[36] Bill to 'end self-governing status and the special privileges provided to Disney through the Reedy Creek Improvement District, and establish a new state-controlled district accountable to the people of Florida'. • Impact of this political development is that it limits the scope of Disney, so that the company no longer controls its own government and will be subject to laws and taxes like ordinary citizens. • The company and Governor DeSantis are engaged in a legal battle, which is yet to be concluded
Ideological factors	Emerging stakeholder capitalism is broadening corporate accountability beyond shareholders to include employees, consumers, politicians and suppliers. As stated above, the employee walk out in demand for human rights and the legal battle between the company and the Governor arise from this ideological shift.

31 See https://impact.disney.com/app/uploads/2023/06/2022-CSR-Report.pdf, accessed 6 December 2023.
32 See https://en.wikipedia.org/wiki/Florida_Parental_Rights_in_Education_Act, accessed 6 December 2023.
33 See https://thewaltdisneycompany.com/statement-on-disneys-support-for-the-lgbtq-community, accessed 10 January 2024.
34 See www.washingtonpost.com/arts-entertainment/2022/03/12/disney-donation-pause-dont-sat-gay-bill, accessed 6 December 2023.
35 See : PESTEL analysis on https://swotandpestleanalysis.com/pestle-analysis-of-disney
36 See www.flgov.com/2023/02/27/governor-ron-desantis-signs-legislation-ending-the-corporate-kingdom-of-walt-disney-world, accessed 6 December 2023.

Tensions between Disney and its stakeholders were initially with its employees and human rights groups, and then with the Governor (Ron DeSantis) and the Government of Florida. The intensity, depth and speed with which emerging environmental forces, such as political and social shifts can override historical legitimacy. Within a period of six months, and despite being in existence for 56 years in the State of Florida, Disney through state laws lost special zone status and 25,000 acres of land was re-purposed, renamed and placed under a new board. Corporate plans to expand were suspended.[37] However, this matter is yet to be concluded in the courts of law and it is therefore still to be decided whether the company was punished for speaking out on human rights issues.[38] Yet, again others question whether the Disney was a de facto government in to operate the Reedy Creek Improvement District. Could both be the basis of this political struggle? Corporations cannot take responsibility for all problems within society, but as Walt Disney said,[39] 'When you believe in a thing, believe in it all the way, implicitly and unquestionably'. Therefore, polarised cultural and political factors demand clarity of purpose as this helps an organisation to better navigate CSR.

Case study 3: IKEA Global

IKEA[40] was founded in Sweden in 1943 by 17-year-old Ingvar Feodor Kamprad, who grew up on a farm called Elmtaryd near the village of Agunarryd. Using money that he received from his father for doing well at school, Ingvar started a business called IKEA, after the initials of his name, farm and hometown. IKEA currently operates in more than 50 countries, in over 400 stores and online. Much of the founder's social background influences the present day vision and values of the company. The vision is 'to create a better everyday life for the many people' and the eight values[41] include togetherness, caring for people and the planet, cost consciousness and leading by example. Its business model is based on sustainable and affordable functional stylish home furnishing across the globe.

IKEA's social responsibility is visionary and foundational to its institutional organisation and operational strategies. Through the mainstreaming of social factors, for example inclusion, better livelihoods and partnerships with remote social entrepreneurs to give them global platform based livelihoods, as well as a business model based on sustainability and affordability, IKEA legitimises itself in time, place and context. Global awareness and attitudes towards sustainability endears consumers to IKEA products. Similarly, the company's visionary stance on circularity and ambition to become a circular business by 2030 as well as to transform the world into circularity make IKEA a pioneer. This proactive sustainability attitude is consistent with stakeholder capitalism and the UN's SDGs (see above). The IKEA brand is grounded in pioneering towards affordable and better livelihoods. The IKEA brand[42] has avoided anti-corporate public opinions in significant ways. However, in its social navigation, the company has been accused of a few wrongdoings,[43] including poor labour practices and human rights violations through age discrimination, by basing promotion and pay scales on age. On the political and government front, IKEA was accused of tax avoidance by holding companies in jurisdictions regarded as tax havens. Despite these accusations, IKEA has been ranked highly for its reputation and CSR, for example, a reputation advisory firm, Reptrak, ranked IKEA 25th among top 100 global reputable companies in 2023.[44]

37 See www.reuters.com/business/media-telecom/disney-cancels-plans-relocate-2000-jobs-florida-company-email-2023-05-18, accessed 14 January 2024.
38 See www.usnews.com/news/us/articles/2023-10-30/disney-warns-that-if-desantis-wins-lawsuit-others-will-be-punished-for-disfavored-views, accessed 14 January 2024.
39 See www.igcimpact.com/disney, accessed 6 December 2023.
40 See https://sweden.se/work-business/business-in-sweden/ikea-and-the-flatpack-revolution#:~:text=In%201943%2C%20a%20 17%2Dyear,%2C%20Agunnaryd%2C%20his%20childhood%20home, accessed 12 January 2024.
41 See www.ikea.com/global/en/our-business/how-we-work/ikea-culture-and-values, accessed 11 January 2024.
42 See https://sweden.se/work-business/business-in-sweden/ikea-and-the-flatpack-revolution#:~:text=In%201943%2C%20a%20 17%2Dyear,%2C%20Agunnaryd%2C%20his%20childhood%20home, accessed 12 January 2024.
43 See www.ethicalconsumer.org/company-profile/ikea-ltd, accessed 13 January 2024.
44 See www.reptrak.com/rankings/?page=3#ranking-list, accessed 14 January 2024.

Table 3: CSR at IKEA

CSR factors	CSR related actions
Background	• More than 2 billion people struggle to provide for themselves and their families, through no fault of their own. The IKEA Social Entrepreneurship initiative sees these people as having valuable competencies. • IKEA Social Entrepreneurship is a business that started with the vision of honouring their unique skills and competences and giving them a global platform to stand on — resulting in better lives for those who need it most. • IWAY is the IKEA way of responsible procurement of products, services, materials, and components. It sets social and environmental requirements for all IKEA suppliers, making sure that people are well treated, resources are protected and workspaces are healthy and safe. A social business meets these standards, but IWAY chooses to go beyond that to reach people furthest from the job market.
Social purpose	To shape a world where people and communities thrive
Social factors	• Mainstreaming inclusion, equality and better livelihoods and partnerships in all its business projects • Creating a business that is ethical in all dimensions • Creating more jobs by scaling up global purchasing and volumes of products made by social businesses • Honouring unique skills and competences and giving them a global platform
Political factors	• Impacted by geopolitical developments, compliance with global governmental regulations, including taxation (accused of tax avoidance through operating trust funds), adjustment after Brexit45
Ideological factors	The emerging ideological shift towards circularity has influenced the IKEA's agenda towards the use of only renewable and recycled materials by 2030.

45 See https://thestrategystory.com/blog/ikea-pestel-analysis, accessed 14 January 2024.

Consolidated analysis and evaluation

As outlined earlier, the use of the three case studies — Shell, Disney and IKEA — highlights both community and other tensions and evolving social responsibility pathways. It is acknowledged that all three global brands have longstanding social responsibility records. However, as social demands and stakeholder expectations evolved, Shell and Disney confronted tensions with local communities, government agendas, human rights activists and, in the case of Shell, environmental activists. The evolution of social and cultural norms and standards in the United States caught Disney off guard, leading to tensions with employees, the government and politicians.

We established that IKEA's founding ethos may have contributed to the company's present-day, people-centred business and CSR models. Affordability and sustainability, including tackling global poverty, through the creation of a business that is ethical in all dimensions and partnering with remote skilled social entrepreneurs to bring them onto a global platform, broadens the company's social license and legitimacy. In the case of IKEA, the lesson to be learnt is being deliberate about social purpose and to include a sustainability factor to business modelling and institutional organisation. The company's focus on circularity and its ambition to transform the world into one of circularity is another visionary and deliberate purposing towards harmonising stakeholder interests and creating a better world for all societies.

It remains true that societal expectations evolve with time and place. Likewise, that the roles and responsibilities of governance professionals and others involved with the organisation should evolve, not only in response to global ideological shifts and the growth of stakeholder capitalism and sustainability, but also to help their organisations evaluate relationships between the entity and its constituent stakeholders. Business intelligence includes anticipation of societal expectations, for example, in the Disney case anticipation of socio-cultural shifts could have assisted the company to better navigate the new stakeholder terrain.

Factoring social purpose into corporate strategy offers operational and stakeholder harmony, such as the IKEA experience. However, CSR carries intended or unintended impacts in the political arena as corporates step into sometimes sensitive social spaces, which used to be a preserve of the state. Sustainable harmony should therefore be the guiding tenet for all social responsibility approaches and stakeholders.

Suggested institutional solutions

Navigation of the ever-changing CSR terrain requires organised and creative thinking both within organisations and their networks. This means developing structures and systems to include thought leadership, policy design and collaboration. In this section we suggest four organisational solutions, which are; clarity on social purpose, transformational leadership, integrated strategic approach as well as communication and reporting. These solutions are aimed at ensuring that organisations are focused on addressing relevant social problems and creating sustainable stakeholder harmony.

Clarity on social purpose

Clarity on social purpose[46] helps us to define *why* we do what we do, and how that helps create a better world around us, including for our stakeholders and investors. It is important not to confuse purpose with vision, which is *where* the company is headed, and mission, which is *what* it does. Defining social purpose helps focus perceptions, both internally and externally, while giving direction to the organisation on how to engage communities. In an increasingly polarised world, social purpose helps navigate polarised social issues, which is what Disney faced. Governance professionals should help organisations adopt, disclose and authentically embed social purpose across business strategies and operations, while encouraging collaboration with others.

Transformational leadership

Executive capability can serve as a bottleneck on a firm's growth or change. Transformational executives actively lead fresh thinking, and inspire and encourage innovation within the organisation. Relevant experience of an organisation's executive group in social and political issues will help navigate difficult terrains. IKEA provides an example of a transformative founding leader, Kamprad, whose people-friendly approach to business still impacts the institutional organisation and structures. The heiress to Disney, Abigail Disney,[47] when commenting on executive remuneration packages at the company's theme park, said that executives deserve to be rewarded, but if at the same time, Disney employees are on food stamps and the company has never been more profitable. There should there be more equity in remuneration.

Integrated strategic approach

A fully integrated strategic approach to stakeholder inclusivity helps in mitigating financial loss, reputational damage, recruitment and retention problems, and political retaliation for organisations. Organisations can approach complex and multi-faceted stakeholder demands through, for example, the Triple-A-Strategy,[48] to plot a course out of complications they face. The strategy helps evaluate whether social issues are within the scope of the organisation and how the organisation can adapt these issues into strategy. It does this through addressing the following areas:

- **Awareness** of social and environmental problems impacting the organisation and bringing this to board members and executives (This step is easier if there is a social purpose.)
- **Acceptance** of the complexity and insolubility of the social or environmental problem.
- **Adaptation** by addressing the problem, through innovative and creative adaptation strategies.

Knowing the social purpose that the organisation stands for helps strengthen governance actions and CSR navigation.

Communication and reporting

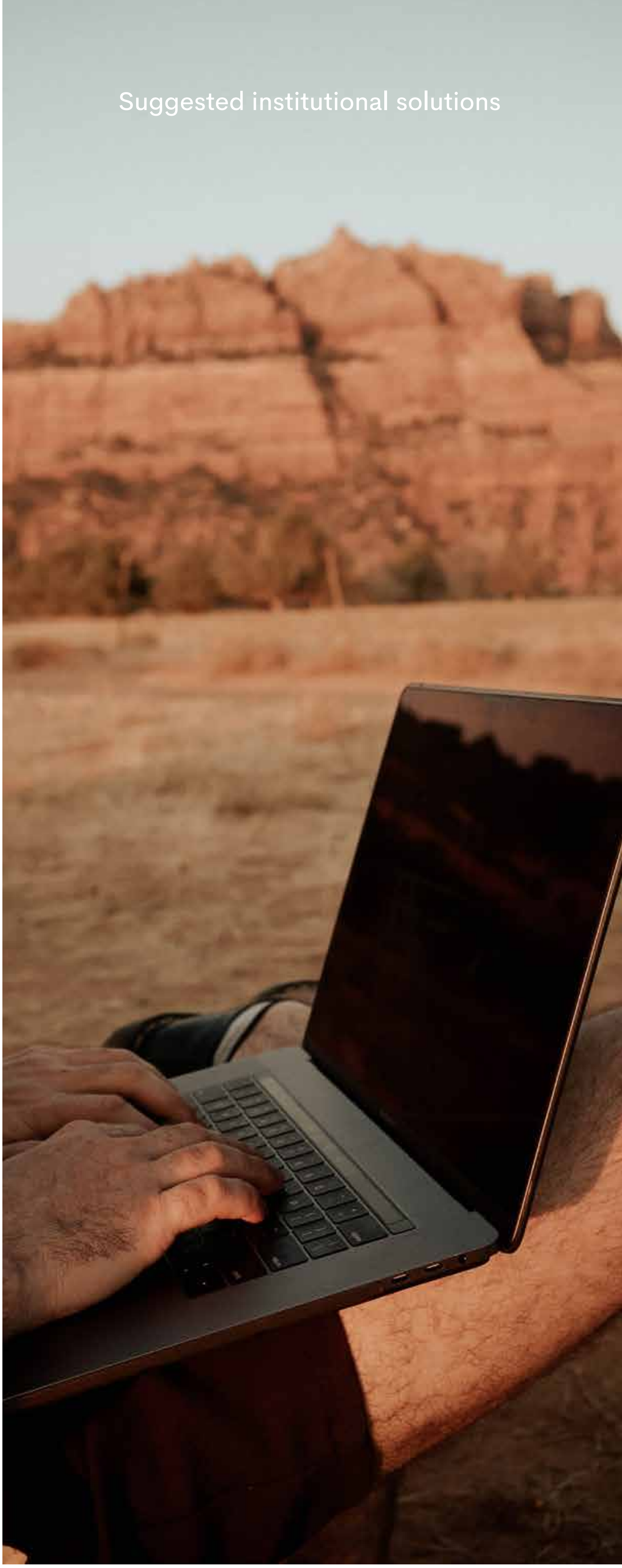
The digital era is encouraging voices of diverse stakeholders, such as those on social media who may not be knowledgeable about your business. This creates communication and perception challenges with stakeholders, social licences and legitimacy. It is therefore important for governance

46 See www.igcimpact.com/disney/#purpose-link, accessed 6 December 2023.
47 See www-ft-com.ezp.lib.cam.ac.uk/content/d4aedc19-93c4-4fee-ae51-acac48ed13b7, accessed 6 December 2023.
48 See www.resonanceglobal.com/blog/the-characteristics-of-wicked-problems, accessed 6 December 2023.

professionals to help establish solid and friendly stakeholder communication strategies for their organisations. Reporting and disclosure should help build harmony and trust between the company and its stakeholders. An organisation's CSR narrative should be authentic, transparent and inspirational. It should be communicated in a manner that influences other institutions to emulate or surpass the CSR standards that the organisation is setting. For example, the use of case studies in quarterly and annual sustainability reports will help to communicate the impact of social responsibility, and will also show the extent to which social responsibility is integrated into an organisation's strategy. This was evident in all three corporations studied in this paper.

CSR will continue to grow as long as societal needs and expectations evolve. The response of corporations will determine how CSR will contribute towards building a better world. It starts with knowing why businesses matter to the global social purpose, then finding a niche best suited for each business' strategy, while retaining legitimacy. In the case studies, we saw each of the three companies navigate different societal tensions and opportunities. We concluded that knowledge of social purpose, anticipation of societal expectations, integrating a strategic organisational approach with leadership, and communication and reporting, are critical CSR governance tools. In the words of Peter Drucker 'culture eats strategy for breakfast'.

In the next and final section, we give practical guidance to professionals for navigating CSR in harmony with other stakeholders by aligning profitable corporate activity with creating a better world.



Practical guidance to governance professionals

In the table below, we provide five recommendations for governance professionals to help organisations contribute to creating better societies in the world:

- full integration of CSR
- mandatory professional development for executives
- collaboration with stakeholders
- communication
- reporting.

We also list relevant practical steps, which are aligned with theories, frameworks, case study analysis and the suggested institutional solutions in this paper. These steps are not a one size fits all. All represent good practice but have to be carefully adapted and selected for your organisation. Many are areas where the governance professional can be directly involved, and are where their soft skills and deep organisational knowledge will come into play. Others may require external input.

Table 4: Recommendations and practical steps for professionals

Recommendation	Principle	Practical steps
Full integration of CSR	Integrating CSR issues into strategies facilitate decision-making process	• Develop social purpose and clearly articulate why you want to do it • Identify and select social issues most suited for your organisation to address • Study and analyse the selected social issues, clearly identifying specific areas of intervention • Involve responsible business specialists, such as sustainability or CSR experts • Align all your responsibility activities socially and politically into strategic documents
Mandatory professional development for executives	Building capacity for responsible business in the industry	• Identify emerging social and political factors in organisation's • ecosystem • Evaluate the executive capacity to address these issues and identify gaps • Select trainers for identified capacity gaps (care should be taken not to make the training an academic exercise) • C-Suite should attend capacity development programs • Develop peer communication standards
Collaboration with stakeholders	Working in partnerships to enhance effectiveness	• Support and participate in CSR networks in your jurisdiction • Develop and appropriate collaborative initiatives
Communication	Developing and appropriating collaborative initiatives	• Give active language to the purpose. • Review and update strategy for political engagements and influence • Evaluate political undertones within your purpose • Develop responsible communication pathways and capacity in the organisation
Reporting	Disclosing CSR activities and progress towards social purpose	• Create regular research and insight papers on CSR to identify opportunities for better performance

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