

EBOOK

CSR vs. ESG: Understanding How You Can Increase Your Social Impact



Why Increasing Your Social Impact Should Be Your Next Priority

One of the most welcomed trends in today's rapidly shifting business landscape has been a greater focus on business purpose. Consumers, investors and workers are increasingly focused on sustainability and social impact, as 70% of Americans believe organizations should implement better practices.¹ As more businesses commit to balancing profit and purpose, sustainability and social responsibility have risen to the top of many organizations' priorities.

Adapting business values to meet stakeholder needs is now critical for business growth, whether driven by consumer and investor demand or the will of employees and corporate leadership. In fact, 77% of customers are more likely to purchase from an organization with socially-conscious operations.²

Knowing what needs to be changed is the first step toward creating values that will help your company grow internally while also attracting new customers and investors. Understanding the differences between corporate social responsibility (CSR) and environmental, social, and governance (ESG) policies can help you boost your social impact and satisfy your stakeholders' demands.

In this eBook

you'll learn how to **measure and improve your social impact**, learn what **differentiates CSR and ESG**, and how you can implement these policies in your business.

^{1,2} 15 Eye-Opening Corporate Social Responsibility Statistics. Harvard Business School Online, accessed May 2022

70%



of Americans believe organizations should implement better practices related to **sustainability and social responsibility**.

77%



of customers are more likely to purchase from an organization that has **socially-conscious operations**.

What is Your Social Impact?

Your social impact is how your business creates positive change that addresses significant social challenges. You can help combat issues in society by changing how you operate your business, treat your employees, and by contributing to your community and the world. Organizations that prioritize social impact work purposefully, sustainably, and systematically, aiming to address society's needs.

A Comparison of CSR vs. ESG

CSR and ESG are terms for how an organization's practices impact its community, the environment, and to a larger extent, the world. More specifically, they are the actions and values an organization adopts to help make the world a better place, and they often do this through:



Sustainable
investing



Environmentally
friendly production



Adherence to a
code of ethics



Community
involvement

Even though these two terms are closely related, they are not interchangeable. Let's take a deeper look into what they mean and how they work simultaneously to build successful and more sustainable businesses.



CSR

CSR is a company's internal value standard that determines how it operates and what decisions it makes. It is a scale you use to assess if a business decision has a positive social impact or negatively contributes to society and the environment. **These are some examples of socially and environmentally responsible values:**



Protecting the environment



Encouraging diversity



Supporting women's rights



Fighting for human rights



Fostering workplace equity

Investing in company values like these can positively affect your organization. Reflecting what you support in every marketing campaign or interaction can attract like-minded and loyal customers.





ESG

ESG, on the other hand, is a measuring stick that you can place your business values against to see how well you align with society's standard of social awareness. **There are three main tenets to being a sustainable organization:**

1

**Sustainable,
environmentally
friendly practices
and products**

2

**Making socially
responsible decisions**

3

**Implementing
positive, ethical
business governance
policies**

Investors will often use ESG ranking standards when choosing reliable businesses to invest in. These ratings are based on publicly accessible company data and companies are evaluated on multiple important factors, including:



Emissions ratings



**Responses to
human rights issues**



**Sources of
raw materials**

Investors often view ESG-conscious companies as more dependable, stable investments because they are less likely to incur stock dips due to company scandals, missteps or issues with legislation.

How to Implement CSR and ESG in Your Business

If you want to improve your CSR standards and increase your ESG rating, you'll need to evolve your business values. Here are **six actionable steps** you can take to make your business more sustainable:

- 1 Write** clear values for your organization that address philanthropic, ethical, legal, and economic concerns to drive your company's actions.
- 2 Educate** your employees on your business values so everyone can aim for the same standard.
- 3 Share** your values with customers, shareholders, and your community through marketing messaging, conversations, and donations of time and money.
- 4 Review** your organization's activities by regularly tracking your emissions, material sourcing, and labor practices to find areas where you could improve.
- 5 Set goals** that are specific for your industry and encourage your employees to strive to reach those goals in how they operate within their area of the organization.
- 6 Educate** employees about how to complete their job sustainably through regular reports on where your organization currently falls, where you want to see it, and actionable steps to achieve that goal.



58%

of businesses with a clear purpose saw **growth of over 10%**³

73%

of employees are more satisfied in their careers if they are **motivated by a purpose**⁴

^{3,4} The Best Company Culture Statistics in 2020 to Help You Improve Productivity. Business 2 Community, accessed May 2022

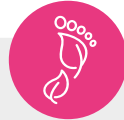
Measuring Your Social Impact

As important as social impact is, it is more of an abstract idea rather than a concrete and measurable concept. So, what should you look out for to know if you are improving your social impact?

While it is impossible to measure the concept of social impact, you can put a number on the success of specific strategies. Here are some ideas:



Regularly send out employee satisfaction surveys



Track your carbon footprint



Increase your budget for charitable giving and community service projects



Collect customer feedback



Five Ways You Can Improve Your Social Impact

By changing your business values and investing in the Sustainable Development Goals established by the United Nations in 2015, you can improve your social impact and the world at large. Take these five social impact strategies into consideration.

1 **Treat Your Workers Fairly**

If you pay your employees fairly and offer competitive benefits, you're off to a great start, but your social impact goes beyond just taking care of your employees. Invest in creating an equitable environment so that employees with differing needs have equal opportunities for advancement and success in your organization.

You can also invest in your employees by:

- ▶ Offering tuition reimbursement programs
- ▶ Providing health benefits
- ▶ Ensuring equal opportunities for women, people of color, and people from other marginalized communities to have leadership roles

2 **Operate Your Business to Promote Growth**

Your business is an opportunity to improve the economy. Consider ways to create more opportunities for employment, such as positions for veterans, people with disabilities or those who were previously incarcerated, so that everyone has a chance to improve their quality of life through stable employment.



3

Care for the Environment Through Sustainable Operations

Decrease your carbon footprint and invest in the environment more than you take from it. Environmental impact is a significant factor in where people choose to spend and invest their money. In fact, 71% of consumers are more likely to shop and pay more if your business prioritizes environmental impact.⁵

4

Invest in Your Community and Society

You are responsible for more than just your customers. You can broaden your reach by influencing consumer behavior in your community and country. For example, you could start a program to collect school supplies at the start of the school year or to collect food donations around the holidays.

5

Protect the World and Those in Need

Globally, 689 million people live on less than \$1.90 a day.⁶ That is considered extreme poverty. Your organization has the potential to assist people worldwide who are faced with hunger, disease, violence, and other pressing social challenges.

You could organize a campaign to donate profits to fighting global challenges and raising awareness. Once the program is in motion, your customers and other stakeholders will have a platform to continue to take action long after the initial campaign has ended.

57%

of customers **would alter their buying habits** to reduce environmental impact⁷

71%

of customers are **willing to pay more** for brands that are sustainable

^{5&7} Prioritizing the planet: 11 ways small businesses can become more eco-friendly. GreenBiz, accessed May 2022

⁶ Global poverty: Facts, FAQs, and how to help. World Vision, accessed May 2022

The Importance of Adopting Progressive Business Values

Your business values serve as the foundation for all you do. You must continually evaluate your organization's foundation to keep it strong and ensure it aligns with what matters to you and your customers, adapting and evolving your organizational culture when necessary.

Values are guiding principles or a moral code that influences how your organization works. These beliefs unify the organization to pursue a common objective and attract customers who share the same principles. Essential values to customers and organizations include social and environmental issues like human rights and sustainable production.

70% 

of customers are **interested in knowing a business's stance** on social and environmental issues **46%** of customers use this information **when choosing where to shop**⁸

Four Important Key Takeaways

Now that you know how CSR and ESG function and how you can change your business values to increase social impact, keep these key takeaways in mind as you work to improve your organizational culture:

- ✓ CSR and ESG are interrelated but are not interchangeable.
- ✓ Your company's CSR is how your business aligns with the values it represents.
- ✓ Your company's ESG impact can be measured and informs consumers, investors, and other stakeholders about how your business affects the environment and communities in which it operates.
- ✓ Customers prefer to shop at businesses that have positive values and support similar causes as themselves.

⁸ Study: Consumers want brands to take a stand — to an extent. Chain Store Age, accessed May 2022

A photograph of three women in an office environment. Two women are standing and looking at a tablet held by one of them, while a third woman is seated in the foreground, also looking at the tablet. They are all smiling and appear to be in a collaborative work setting. The background is slightly blurred, showing office furniture and a window.

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Sources: [The Importance of Changing Your Business Values: CSR vs. ESG](#), Televerde. | [How to Increase Your Social Impact in 2022](#), Televerde.

