A Theory of Social Change – Bridging the Engagement Divide

The introduction of Moore’s Law in 1965, which postulated that the number of components per integrated circuit would double every year, has hallmarked a half century of exponential growth and enhanced improvement of digital technology across almost every facet of the global economy. This technological revolution has become an impetus for equally dynamic social change and economic growth, projecting the global stage into an era of accelerating change.

Accompanying this growth is the inevitable social and environmental impact on society at large. For example, since 1990 some 1.7 billion people have acquired access to electricity. A hallmark case, according to the World Bank, 49% of the population in Morocco had access to electricity in 1990, but since 2010 that figure is almost 99%. However, not all impact accompanying this accelerated change is positive. In 1990, worldwide CO₂ emissions were approximately 22.2 million kt. But by 2010, that figure exceeded 33.6 million kt, a growth of over 50%. Yet, according to the International Energy Agency, some 1.2 billion people around the world are still in the dark, leaving room for both improved livelihoods and probable upsurge in environmental alteration.

This sets a unique opportunity for change, for good. We believe we are all stakeholders in this global phenomenon – we own a tangible short and long-term stake in optimizing the positive impact of technological and social change while simultaneously minimizing the detrimental impacts that inevitably attend socioeconomic progress. Over the past 30 years, this trend has become increasingly evident across all industries, as governments, competitors and employees of multinational corporates play a vocal and visible role in addressing a spectrum of social, environmental and governance issues. As global supply chains cross borders and promote participation from an increasingly interconnected populace, companies have responded by developing sustainability and corporate social responsibility initiatives. Yet, this ‘contract’ between corporates and the greater society need not address social issues while forsaking financial impact. Indeed, many companies are able to create real, lasting value by aligning their social and environmental activities with rigorous commercial strategy designed to mitigate risks, promote sales and decrease costs. We believe this is at the heart of a sustainable, impactful model for social change.

The rosy, appetizing exterior of an apple may belie the rotten core within. And visibility into the core of a business has been facilitated through the lens of social media. All stakeholders, including consumers, investors and employees pay increasing attention to the social and environmental impact of business. Social networking sites have become the preferred platform for all kinds of business and personal activity, with the number of social networking users having surpassed the number of email users over 5 years ago. Thus, programs and initiatives that are perceived as simple ‘good-will’ engines, without aligning commercial business with the corporates’ stated values, can and do adversely affect the bottom line.

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A potential solution capitalizing on this social change, born of technological progress and spurned by greater focus and enhanced transparency into business practices, lies in utilizing all actors on this stage. We believe there is a real and realizable opportunity to leverage the existing and inherent strengths and weaknesses of multinational corporates and start-up companies in a virtuous cycle of mutually beneficial engagement.

This we call the Engagement Divide – the apparent disconnect between corporate entities’ Voice and their Image. Corporates are intrinsically characterized by surplus voice and reach through myriad channels, ranging from traditional media, social media platforms and of course direct consumers and shareholders. This year, the total UK advertising market will hit £15.8bn, with more than half spent on digital media. Yet despite this far-reaching Voice, corporates struggle to drive full engagement with stakeholders, largely in part due to the need to continuously manage and promote positive brand image while standing in the limelight. With the advent of social media, the pervasiveness of brand image amongst all stakeholders has accelerated response times as information and perception is more readily available and shared.

Figure 1. Corporates’ Challenge with Voice and Image

This accelerated growth of technology has in part shifted control of Image and brand value from corporate executives to the hands of consumers. Yet, Image remains an indispensable element of modern corporations’ repertoire: positive Image helps drive sales and fosters customer fidelity, ultimately expanding market share and enhancing shareholder value. One strategy corporates have increasingly utilized over the past 30 years is CSR. CSR initiatives have now become a ubiquitous feature in many corporate landscapes, a strategy used to enhance corporates’ Image by focusing consumer and stakeholder attention to their commitment to social and environmental issues. Corporates executives have justified CSR as an economic strategy for “doing well, by doing good,” with over 50% of Fortune 500 companies disclosing corporate accountability reports in 2011. In the UK last year, approximately $3.25bn was spent on CSR activity alone. However, the generation of consumers most engaged and generating the most content around social responsibility may possibly be the generation that remains the most disenchanted. According to qualitative research over the past 10 years, there is a gap between

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6 http://www.theguardian.com/media/2015/feb/18/digital-advertising-spend-set-to-outstrip-all-other-forms
7 http://insight.kellogg.northwestern.edu/article/pinpointing_the_value_in_csr
8 http://www.ft.com/cms/s/0/95239a6e-4fe0-11e4-a0a4-00144feab7de.html
CSR practices and their personal relevance to consumers’ lives. Guiding and captivating this generation of millennials will be an integral component of managing consumer attitudes and corporate Image.

Therein lies a potential solution. Start-up social enterprises are the antithesis to large, multinational corporates. Lacking in Voice, these ventures often struggle to acquire enough immediate customers, let alone reach a greater audience and gain traction for their social mission. Yet social enterprises are characterized by surplus of Image – the seed at the core of social enterprise is in fact the social or environmental mission. This impact-driven model compounds the potential commercial success of many of these ventures. With circa 1,000 new submissions of social ventures seen every year, Mustard Seed occupies a unique position in facilitating this exchange. We propose the attached [Engagement Divide Presentation] between corporates and social enterprises provides a tangible bridge spanning this Engagement Divide.

Figure 2. Bridging the Engagement Divide

This proposal is not a program with ephemeral impact - this is far removed from ‘green-washing’ and moves beyond existing CSR practices. It is a direct manifestation of corporates’ stated values via optimization upon existing social trends and the fundamental assets that characterize social enterprises: image, innovation and impact. The solution we propose is not simply a quid pro quo of a corporates’ Voice for social enterprises’ Image. Rather, it’s a sell-compounding cycle of accelerated growth, driving change for social good while simultaneously adding realizable financial value for both corporates and social enterprises.