Making Sure Corporate Social Innovations Do Social Good

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Abstract

Corporate social innovations are designed to benefit firms and society. Much like any innovation, corporate social innovations can backfire and quickly draw negative attention. In this article, we consider the conditions that lead to impactful corporate social innovations, and we develop an approach to creating high impact corporate social innovations. Using the context of sustainability and waste, we demonstrate the need for a broad scope in considering the influence of a corporate social innovation, the importance of metrics and monitoring for gauging impact and the need for piloting corporate social innovations before full-scale adoption. We assert that consideration of scope, metrics, monitoring and piloting will lead to more influential corporate social innovations.

Introduction

A growing literature addresses the role of corporate social innovations that simultaneously meet business and societal needs. The business literature examines the motivations of firms that adopt social innovations, and considers the factors that lead to different forms of social innovations.[1,2,3,4] Little research, however, measures the effectiveness of these innovations in meeting societal needs.[5,6] Furthermore, corporations rarely provide rigorous, detailed reporting on how their corporate social innovations impact the broader society. As more businesses offer corporate social innovations, assessing their effectiveness for both the firm and society is critical to understanding if the innovations serve their purpose – a positive impact on the firm and society.

In this paper, we introduce an approach for developing high impact corporate social innovations. We define a corporate social innovation as "high impact," when it serves a societal need while respecting the perspectives of all parties affected by the innovation, including the firm's revenue expectations We begin by discussing the literature on corporate social innovation. Then, we describe our approach, which entails taking a broad scope, using meaningful metrics, monitoring performance, and piloting an innovation before full-scale adoption. In illustrating our approach, we focus on the problem of sustainability. We end by discussing how these steps will guard against accusations of hypocrisy if the innovation fails to create the social good that the firm hopes to produce.

Corporate Social Innovation

As described by the Rutgers Institute for Corporate Social Innovation, a corporate social innovation "integrates a company's full range of capabilities and assets within innovative business models to achieve positive societal impact while advancing the success and sustainability of the enterprise." [7] Corporate social innovations entail a specific type of innovation, one that is designed to benefit both the firm and society. Examples of such innovations can be seen across industries such as healthcare, retail, and the financial sector. In healthcare, Becton, Dickinson, and Company works to develop health care infrastructure in impoverished communities.[8] In retail, the "buy one, give one" model pioneered by TOMS Shoes has been widely adopted by other retailers, including eyewear retailer Warby Parker, hygiene retailer Soapbox Soaps, and food retailer Two Degrees Foods.[9] Under this model, the business donates one of its products to an impoverished person whenever a consumer buys one. In the financial sector, corporations such as Citigroup have experimented with microfinance initiatives, in which banks target their financial expertise to make small loans to entrepreneurs in emerging economies.[10]

When firms engage in innovation (be it a program, a process, or product development), they often consider not only how their innovation is useful in meeting a need but also the degree to which the innovation is unique, eye-catching and draws positive attention. The novelty of innovations, however, exposes the firm to many unknown risks. Firms may be able to ascertain that the new program, process or product is distinct from those offered by competitors, but it is more difficult to determine if the innovation will meet a societal need or bring financial benefit to the firm. Corporate accounting infrastructures help firms to predict which innovations will bring gains for the firm but do not offer information about likely gains for society. For this reason, firms need a way to determine if their corporate social innovation is likely to impact society positively. This requires a form of measurement beyond financial performance.

Warren supports this point, arguing that the value of firm innovations must be judged along some dimension other than the innovations' effects on firm performance.[11] She gives the example of Royal Caribbean reengineering their ship plumbing to dispose of waste into the sea, and thereby bypassing legal requirements.[12] If we only consider the innovation in terms of firm financial performance, the innovation appears to be beneficial because it allows the firm to reduce costs associated with waste disposal. When the innovation is judged in terms of social good, however, the innovation does not appear beneficial because it entails polluting the waters on which the ships sail. Similarly, Scharding describes the reengineering of Volkswagen's emissions system to pass tests while not meeting the U.S. standards.[13] Again, we see that an innovation that benefits the firm does not serve society. By judging the innovation beyond the firm's performance, we see that it does not serve the social good.

In seeking to innovate in ways that benefit society, firms need a way of measuring the social good of their innovations. The scholarly literature concerning CSR initiatives does not provide guidance on this point, however. Barnett, Henriques & Husted reviewed the 6,254 articles addressing CSR performance that were published in the last 50 years and found that none of them adequately demonstrated that CSR initiatives resolved the social problems they intended to address.[14] Thus, firms need a standard or systematic approach to evaluating all of their innovations and especially those that are aimed at benefiting society (or marketed as such). Borrowing from scholarly work on contractualism, we propose that firms assess new innovations by considering whether those who are likely to be affected by the innovations (parties within the firm as well as societal members) have reason to reject the innovations.[15,16] Barnett observes that previous CSR research has focused only on managing the interests of primary stakeholders, that is, individuals and groups who have a direct effect on the firm.[17] He suggests research begin to assess the potential profitability of addressing the needs of secondary and non-stakeholders, and firms working to benefit society as a whole. This approach is promising and would be strengthened by adopting a contractualist, rather than stakeholder, framework.

Unlike stakeholder theory, which entails weighing the interests of stakeholders, broadly considered, contractualism evaluates innovations according to specific standards. After firms establish which parties are likely to be affected by the proposed innovation, they evaluate how the proposed innovation affects people's welfare (e.g., increasing or diminishing it and by how much), entitlements (meeting or violating them), and dignity (respecting or undermining it).[18] Contractualism asks the firm to reflect upon the perspectives of the affected parties and consider if they would consent to the innovation based on these standards. Doing so entails considering how the innovation affects not only each party's welfare but also what they deserve based upon commonly recognized precedents.

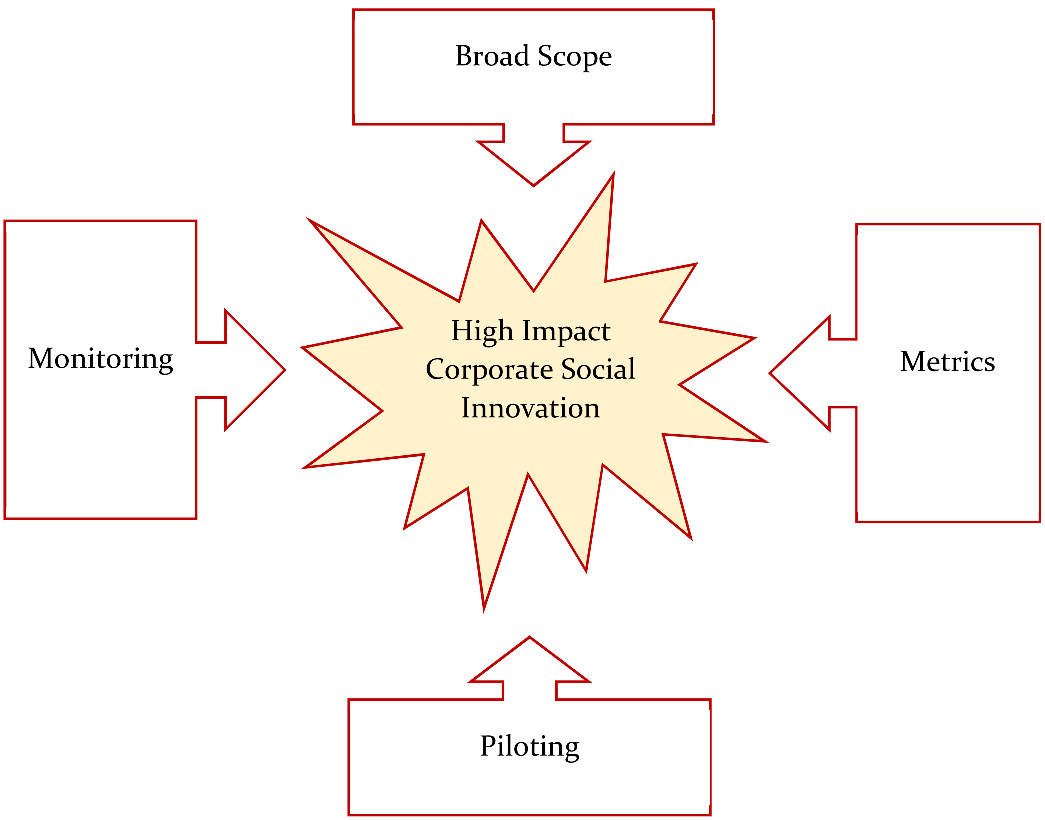
In the Royal Caribbean and Volkswagen cases referenced above, for example, contractualism exposes that these innovations violate the entitlements and/or welfare of some affected parties. Applying a stakeholder approach, by contrast, leads to disputes about, for example, whether cleaner environments or cheaper, more widely available cars and cruises better serve stakeholders' interests. In contrast, contractualism does not tolerate violations of entitlements or welfare for one party in favor of another. As such, contractualism offers a more rigorous framework than stakeholder theory for evaluating whether innovations do social good.

In this article, we apply contractualism by first broadening the scope of parties considered for analyzing the impact of the innovation. In order to consider whether the parties would support the innovation, the effects of the innovation need to be assessed which entails considering welfare, entitlements and dignity of those parties. Because it is difficult to forecast some of the effects of these innovations, we assert that a piloting process would allow firms to properly gauge the scope of the innovation, including who will be affected and what the full spectrum of effects will be. Piloting aids in determining whether the proposed innovations will be effective in meeting societal needs; piloting also preemptively protects the firm from negative press.

To provide a context for understanding our approach, we consider a recent corporate social innovation piloted by Starbucks. In early 2018, Starbucks ran a trial in stores that involved the introduction of a low-priced recyclable cup.[19] This program could be deemed a corporate social innovation because it generates cost-savings for the company by reducing the need for paper cups and benefits society by reducing waste. From a corporate reporting standpoint, a firm with a narrow scope of corporate social innovations might choose to boast about the introduction of this new recyclable cup and the number purchased. A firm using a broader scope, however, would realize that the new cups do not benefit society because they do not elicit the necessary changes in consumer behavior; Starbucks found that those who buy the cups do not reuse them.[20] Importantly, without consideration for the broad scope (i.e., what happened after the recyclable cups were sold), the firm would not be able to adjust their approach. Starbucks ran a trial with the new approach, which gave the firm the ability to change practices if there was no evidence of success. The firm ran another trial using a tax for paper cups, which had a larger impact on consumer behavior.[21] This year, Starbucks announced that it plans to focus on three priority areas: carbon emissions, water withdrawal and waste to landfill. In order to avoid past mistakes involving unfulfilled commitments, the firm will set clear 2030 targets only after a period of testing and learning.[22]

This description of Starbucks' corporate social innovation illustrates four important components of introducing a high impact corporate social innovation: a broad scope, metrics, monitoring and piloting (see Figure 1). Next, we consider each of these attributes in the context of sustainability.

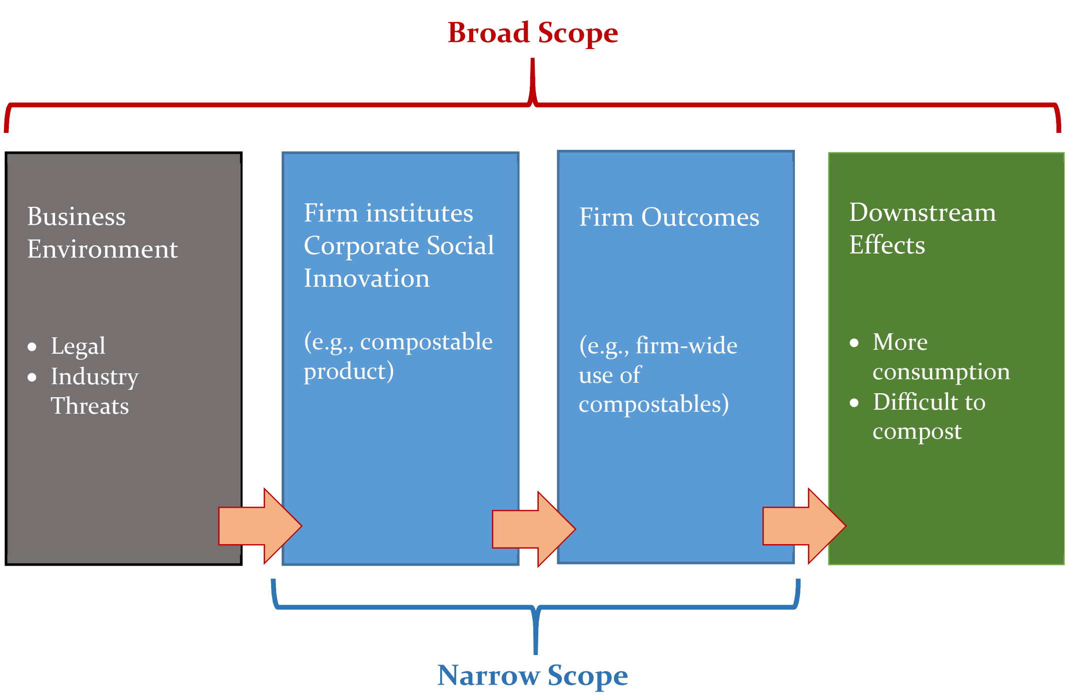
Figure 1. Factors Contributing to High Impact Corporate Social Innovations



Broad Scope

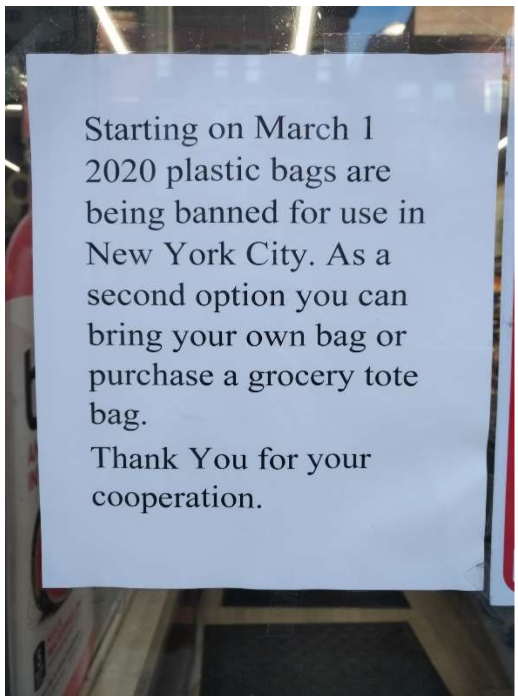
Taking a broad scope to understanding a corporate social innovation reflects the first step of contractualism because it entails identifying the relevant parties to be considered. More specifically, a broad scope requires not only lengthening the firm's view of their supply chain but also taking note of the governmental and legal changes that influence the firm's innovations. Firms that do not take a broad scope risk misunderstanding how their innovation fits the business environment as well as how it affects parties downstream. As depicted in Figure 2, a firm with a narrow scope will only consider the firm's interest in the adoption of a corporate social innovation (e.g., reusable cup program) and measure its impact within the context of the firm (e.g., number of reusable cups purchased) but will not consider the lack of cup usage and the amount of waste sent to landfill (e.g., single-use and reusable cups). A firm with a broad scope will consider the business environment, including shifts in laws and industry threats, as well as the downstream effects of the innovation. A broad scope allows a firm to identify the relevant parties affected by the corporate social innovation, which is the first step in evaluating the innovation's impact and moving beyond firm performance as the main form of evaluation.

Figure 2. Broad Versus Narrow Scope to Evaluating Corporate Social Innovation



Legal Environment and Industry Threats. A broad scope requires a firm to consider the legal environment and industry threats that will impact the firm and potentially the innovation. Firms are more inclined to consider the legal environment and industry threats than downstream effects because legal shifts often motivate firms to defensively adopt corporate social initiatives such as innovations. These actions are often adopted with the goal of avoiding further regulations or to maintain legitimacy within communities.[23]

Figure 3. Firm Response to Shifts in Waste Laws



To illustrate a shift in legal environment, consider New York, which recently introduced waste reduction laws that will impact firms in a variety of ways, including restrictions on plastic bags.[24] (See Figure 3). These laws motivate firms to innovate by adopting new processes, policies and products including shopping bag programs. For example, restricting the use of plastic bags has encouraged firms to start selling reusable bags (see Figure 3**)**. In order to motivate new consumer behaviors, some firms provide a refund for consumers who bring their own bags. For example, Whole Foods provides a ten-cent refund for every bag that a shopper brings from home and shoppers are given the option of a cash refund or donating to a non-profit organization, including the Whole Foods Foundation.[25] Other communities tax single use items, such as bags, in an effort to change business and individual behaviors. For instance, starting in 2020, Berkeley, California introduced a new ordinance in which cafés and restaurants charge 25 cents for disposable cups.[26] Regardless of whether firms choose to impose penalties or provide rewards, they need to keep abreast of shifts in the legal environment and threats to the industry because these shifts affect their business practices, including the decision to adopt corporate social innovations and the type of innovation.

Firm concerns for the legal environment and industry threats extend beyond the local community and home country laws. For example, innovations in the realm of sustainability have been affected by China's National Sword Policy, which was adopted in January 2018 and sets stringent standards for recyclables imported to China.[27] This policy has led to a ban on a large portion of the plastics sent to China[28] "In the year since, China's plastics imports have plummeted by 99 percent, leading to a major global shift in where and how materials tossed in the recycling bin are being processed"[29] This shift in policy has led to a build-up of recyclables in communities and, many times, results in landfill disposal. Firms that create recyclable products, especially single-use products, run the risk of losing their intended social impact (creating sustainability) as well as some credibility if they advertise the green aspects of their products but the products end up in landfills. International policy shifts such as the China National Sword Policy have lead firms like Pepsi to work with local communities to develop domestic recycling infrastructure.[30]

Downstream Effects. It is not enough to consider the legal and industry norms when assessing the scope of a corporate social innovation. Downstream effects, sometimes referred to as externalities, also need to be fully grasped. For example, the invention of plastic microbeads presented many advantages for medical treatments including those aimed at fighting cancer and HIV but the adoption of microbeads in cosmetics and home products has led to serious negative externalities. More specifically, marine life ingests the microplastics, which contributes to marine plastic pollution. Such pollution poses concerns for the food chain, including human consumption.[31,32] Microbeads remain important for medical purposes, but many countries have banned their use in cosmetics and home products as a result of these externalities. While the use of microbeads in cosmetics was not intended to have a social impact, the effect on pollution and strong backlash from communities demonstrates how innovations can have unintended downstream effects. Corporate social innovations, which are intended to serve society, compel firms even more strongly to consider externalities.

Recent trends in extended producer responsibility align with our approach's focus on a broad scope in evaluating downstream effects. Extended producer responsibility entails "a policy approach under which producers are given a significant responsibility – financial and/or physical – for the treatment or disposal of post-consumer products."[33] Extended producer responsibility essentially captures the Polluter-Pays Principle which focuses on firms taking responsibility for the use and disposal of their products as well as promoting the recycling, reuse, and reclaiming of materials.[34,35] Here we consider two downstream effects of sustainability innovations related to consumer behavior and environmental impact.

Consumer Behavior. It is important to study how consumers respond to a corporate social innovation. As the Starbucks example demonstrates, rolling out a new recyclable cup will not constitute a benefit to society if it does not lead to a reduction in paper cups. While consumers desire and value sustainable programs and products, they have been slow to reflect these desires and values in their consumption behaviors.[36]

To explore consumption patterns related to green products, Sun and Trudel administered several experiments testing how people use green products.[37] They found that people's consumption increases when they use recyclable items and hybrid cars. In a study on recyclable cups, for example, study participants who sampled juices used more cups when they had access to a recycling bin, versus a traditional trash can. Another study examined projected behaviors associated with hybrid versus traditional cars and found that study participants intended to drive the hybrid car more miles. Again, the authors found that people with access to green options intended to consume more. These studies suggest that providing green options may not have the intended effect if people simply consume more or use products more frequently.

The shift in consumption behaviors related to green products has carried over to consumption behaviors of non-recyclable products. A trend referred to as 'wishcycling' captures the tendency of consumers to put a wide range of waste in a recycle bin with a hope that it is recyclable and thus feel better about overconsumption.[38] Recent estimates suggest that up to 25% of the items in a recycle bin are not recyclable; contaminated bins are suspected to have been the impetus behind the China Sword Policy.[39]

Environmental Impact.

Too often, firms do not consider the effects of a corporate social innovation beyond the walls of their offices. They may account for the number of recyclable bags sold, but they do not track what happens to their recyclable bags after they leave the store. Many recyclable products are difficult to recycle due to lack of availability of proper means for disposal and therefore, the products end up in landfills instead of recycling plants. Just because a product boasts of recyclability, it does not follow that it will be disposed of properly. For example, many compostable products require technologically specific composting facilities and will not decompose without them. If the products are not disposed of in a composting facility, then they end up in landfills.[40]

Even when recyclable products are disposed of properly or waste is reduced, corporate social innovations may still cause environmental concerns due to unintended consequences. For example, the plastic bag bans which gave rise to firms selling or providing reusable bags has led to a secondary effect: the increase in use of unregulated bags.[41] In a recent study in California, Taylor found that individuals bought more trash bags after restrictions were placed on carryout bags. The carryout bags had a secondary household use (trash) and when they were no longer available, consumers purchased plastic trash bags which are thicker.[42] Consideration of the downstream effects of a corporate social innovation is important for evaluating an innovation because if a firm is serious about meeting a societal need, they may find the innovation does not address it when they consider the downstream effects.

Broadening the scope of evaluation of a corporate social innovation may entirely change the innovation. After they consider the downstream effects, firms that focus on recycling and composting may realize their efforts are better spent on engaging in reduction and reuse. Emphasis on reduction and reuse also aligns with the Environmental Protection Agency's Waste Management Hierarchy, which ranks various waste management strategies.[43] Source reduction and reuse are the most environmentally preferred strategies and are ranked above recycling and composting.[44] The salad restaurant Sweetgreen, for example, uses compostable bowls but the proper disposal of composting bowls presents challenges, as discussed above. Sweetgreen's competitor,[45] Just Salad, took a different approach by focusing on reduction rather than recycling. Just Salad provides reusable, washable plastic bowls.[46] This approach demonstrates a concern for the broader perspective including what happens to recyclable products. If Just Salad can incentivize the reuse of these bowls, their corporate social innovation may have more social impact, and prove more successful overall, than Sweetgreen's compostable bowls.

Thus, firms that consider downstream effects and reflect upon this hierarchy as a decision-making guide may move from a focus on recyclability or compostability to a reusable system, entirely reimagining their innovation. Determining the best path forward requires firms to employ a system of metrics and monitoring, as discussed in the next section.

Metrics and Monitoring

Alongside the need for a broad scope, high impact corporate social innovations also require a system of metrics and monitoring that gauge the innovation's effects on the welfare, entitlements and dignity of the relevant parties on a consistent basis. In order to respect the dignity of all parties, firms must not only gather accurate data about the social impact of the innovation (metrics) but also provide a mechanism for parties to be heard, which is often part of a monitoring process. For example, meaningful measurements do not simply capture how many re-usable cups are sold but also how the reusable cups are used and when are they discarded and added to landfills, which may entail speaking to customers or community members about the impact of the corporate social innovation. Thus, this requires choosing the right metrics and regular monitoring. While firms possess well-entrenched measurements for standard business processes, they may be less experienced with measuring social impact. Research suggests that it may be difficult for firms to do so as they do not typically examine factors such as who chooses to participate in an innovative program, or how the outcomes would compare to a control group (i.e., if there had been no initiative).[47] Pre-established metrics and reporting systems, along with certification systems, provide useful guidance in measuring social impact.

Pre-established Metrics. Several organizations, such as the Global Reporting Initiative, International Integrated Reporting Council, and the Sustainability Accounting Standards Board provide widely-used reporting tools for corporate activity.[48] These reporting metrics provide firms with useful frameworks and reporting tools. Firms are further encouraged to adopt them because when firms use similar systems, the metrics allow for benchmarking across companies. Unfortunately, reporting in the U.S. is not mandatory and one clear standard is not recognized. In addition, downstream effects are not fully appreciated by all reporting systems. For example, emissions may be captured but consumer recycling behaviors are not. Thus, standardized systems provide a good starting point for measuring social impact, but a uniform standard does not exist and the current reporting tools will not capture the full spectrum of effects.[49] To fully capture the broad spectrum of impact, firms also should consider new trends in capturing sustainability.

One promising trend in capturing sustainability is the circular economy, a model focused on eliminating waste, reusing products and materials, and respectfully managing the use of natural systems.[50] More specifically, firms are developing models that reflect the circular economy's tenets.[51] According to the Ellen Macarthur Foundation, traditional business models are centered on the "take, make, waste" philosophy, with a focus on producing and disposing and little thought to the environmental impact.[52] Circulytics, a new trend in sustainability metrics, attempts to capture the full circularity of a firm's business practices and reflects aspirations of a circular economy. More specifically, the form of measurement focuses on reducing waste and pollution while keeping products and materials in use.[53] By taking a broad perspective to designing measurements, the system is aimed at giving firms a better grasp of their downstream effects.

Certification. While firms may not be able to foresee the many ways in which a corporate social innovation may fail to provide a positive social impact, they can seek assistance from experts. One approach is to pursue certification. For buildings, LEED (Leadership in Energy and Environmental Design) certification has become a widely recognized certification.[54] More recently, buildings and facilities can pursue certification specifically focused on achieving zero waste, such as TRUE certification.[55] These certifying organizations stay abreast of the latest research and can help guide firms as they decide how to innovate. For example, the Biodegradable Products Institute (BPI) provides certification for compostables. The organization recently decided to stop certifying products that have high levels of fluorine because of the negative effects in the composting process.[56] Knowing BPI's position on fluorine guides companies in not only determining the composition of their products but also in deciding what to measure (e.g., fluorine levels).

Because it is difficult to assess whether a firm has considered all of the appropriate parties and metrics when rolling out a corporate social innovation, we contend that piloting is a necessary step in properly evaluating firm and societal impact. In the next section, we consider what piloting entails.

Piloting

With any innovation, the outcomes may be difficult to predict, which is why piloting is an important step in creating a high impact corporate social innovation. A baseline comparison is essential to an impact evaluation.[57] A pilot that includes metrics and monitoring and considers the downstream effects on a broad range of parties is likely to give a firm the necessary feedback regarding an innovation's potential impact for the firm and society. Presently, pilots of sustainable products and programs are occurring in communities (e.g., plastic bag bans) and by firms (e.g., plastic straw bans). For example, Dig, a New York City restaurant, is piloting a reusable bowl program.[58] Customers pay $3 a month to rent a bowl which the restaurant stores for customers until their next visit. Similarly, Berkeley coffee shops are participating in a reusable cup pilot similar to the public library system, in which customers check out reusable stainless steel cups for 5 days.[59]

The piloting approach to corporate social innovation is so widely accepted that firms formally announce their pilots as well as the concerns associated with them. For example, Bluebottle recently announced its new pilot by disclosing its concerns regarding the outcomes:

> *"We are proud to announce an experiment that may not work, that may cost us money, and that may make your life a little more complicated. By the end of 2020, all of our US cafes will be zero waste, which according to the Zero Waste International Alliance, means at least 90 percent of our waste is diverted from landfill. To help us go even further, we will test our first, zero-single-use-cup program in the San Francisco Bay area."* [60]

This announcement not only introduces Bluebottle's pilot but also explains the motivations of the firm and recognizes the potential inconveniences that the program may cause consumers. In many ways, the firm's transparency guards against a variety of complaints, and if the program fails, the messaging may preempt accusations of hypocrisy, which we discuss next.

Threat of Hypocrisy

Unlike other forms of innovation, corporate social innovations are identified by firms as examples of actions aimed at benefiting both the firm and society. These innovations, however, open the firm to claims of firm hypocrisy in ways that other innovations do not. More specifically, claims of social or environmental benefit could be construed as moral claims and invite opportunities for hypocrisy. Lewin and Warren explain that hypocrisy differs from straightforward lying because it entails claims that incorporate a moral component and are found to be false or inaccurate.[61] Psychologists who study why hypocrisy causes strong negative reactions explain that "Hypocrites are disliked because they falsely signal that they behave morally."[62]

Lewin and Warren warn that inconsistent messaging concerning corporate social responsibility can lead to moral outrage and claims of corporate hypocrisy. In their experiments on sustainability, they find that when messaging from corporations (e.g., corporate social reporting, advertisements) conflicts with messages from a public source such as a news magazine, individuals are more likely to take the extra effort to write a social media message accusing the corporation of hypocrisy.[63] In terms of corporate social innovations, a firm that boasts about the certainty of a positive social impact could invite claims of hypocrisy and potential backlash from consumers and investors.[64]

Boasting about social impact has increased as social-cause marketing has become a mainstream approach of attracting customers. Yet such marketing campaigns expose firms to added scrutiny and opportunities for accusations of hypocrisy. For example, in a *New York Times* article, Bromwich shows that Sweetgreen's claim that "Nothing from inside Sweetgreen goes to the landfill," is "far from the truth" because consumers do not dispose of the bowls properly.[65] Most consumers do not have access to proper means of composting and without the composting, the bowls end up in landfills. This negative media attention is an example of how a firm may overstate the benefits of their corporate social innovation and create an opportunity for criticism which could lead to negative backlash, especially through social media.[66]

In short, using a broad scope to understand the parties affected by a corporate social innovation and measuring and monitoring the corporate social innovation's various outcomes in a pilot, firms not only capture the social impact of the corporate social innovation, but also guard against claims of hypocrisy. By demonstrating that it took precautionary steps to gauge the true effects of the innovation, moreover, the firm shows that it cares about producing a corporate social innovation that benefits society, including consumers.

Future Directions

As next steps, we recommend that firms develop ways of assessing the good that a corporate social innovation is meant to generate. In particular, firms need to identify the wide range of relevant parties (broad scope) and consider whether the innovation harms the welfare or violates the entitlements or dignity of the relevant parties through metrics, monitoring and piloting. The corporate social innovations' effects on the welfare, entitlements, and dignity of relevant parties informs firms about whether the corporate social innovation will do social good; in particular, if the corporate social innovation harms some individuals more than other individuals are benefited, violates entitlements, or violates dignity, the corporate social innovation does not serve the social good.

In situations where the pre-established metrics are ineffective at capturing the impact on the relevant parties, firms should turn to certification processes as proxies for the quality of a process or product. Importantly, firms may need to examine new means of measurement and rely upon the academic research community to assist in the formulation of those measures and analysis of the data collected. In terms of piloting, the academic research community is skilled at performing field experiments which would provide valuable insights for not only firms but also theoretical advancements in the development of research on corporate social innovations.

Turning back to previously discussed corporate social innovation, a firm that develops a new reusable container should start to understand the impact of the new container by identifying relevant parties affected by the container and gauge parties' situations *prior* to the introduction of the container. The firm should consider the expected social good associated with the product (e.g., less waste generated by consumer, lower costs associated with providing bowls) and how it might be measured prior to piloting the reusable container program (e.g., firm trash inventory, consumer feedback, interview with local waste management). The firm should strategically roll out the innovation in specific locations that are ideally paired with locations that do not adopt the innovation so firms can draw stronger conclusions through comparisons. By monitoring the pilot program alongside the locations without the pilot, the firm can gauge the impact of the corporate social innovation on a small scale before investing heavily in a large-scale adoption of the innovation.

Conclusions

In this article, we presented an approach for evaluating the impact of a corporate social innovation with consideration of how the innovation benefits both society and the firm. Importantly, we assert that firms need to have a broad scope when considering the impact of their innovation, that they must have a system of metrics and monitoring for assessing impact, and that they should pilot programs before adopting full-scale corporate social innovations. By taking these steps in evaluating their corporate social innovations, firms can guard against the likelihood of negative backlash and claims of hypocrisy if the innovations' benefits are not fully realized.

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